

1998- 2000



EXECUTIVE BUDGET

Volume I

Commonwealth of Kentucky

Paul E. Patton, Governor

GOVERNMENT OPERATIONS
Executive Office of the Governor

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,832,400	11,613,000	12,189,000	12,010,000	12,598,000
Reorganization Adjustment	506,000				
Planning Fund	500,000	500,000	500,000	500,000	500,000
Total General Fund	9,838,400	12,113,000	12,689,000	12,510,000	13,098,000
Restricted Agency Funds					
Balance Forward	783,500	743,500	703,500	743,500	703,500
Non-Revenue Receipts	400,000	400,000	400,000	400,000	400,000
Total Restricted Agency Funds	1,183,500	1,143,500	1,103,500	1,143,500	1,103,500
TOTAL FUNDS	11,021,900	13,256,500	13,792,500	13,653,500	14,201,500
EXPENDITURES BY CLASS					
Personnel Costs	7,501,200	9,121,000	9,669,500	9,275,500	9,831,500
Operating Expenses	1,472,000	2,177,500	2,200,000	2,420,000	2,447,000
Grants, Loans or Benefits	1,160,000	1,234,500	1,239,500	1,234,500	1,239,500
Capital Outlay	145,200	20,000	20,000	20,000	20,000
TOTAL EXPENDITURES	10,278,400	12,553,000	13,129,000	12,950,000	13,538,000
EXPENDITURES BY UNIT					
Governor's Office	7,267,000	9,189,500	9,527,500	9,589,500	9,940,000
Governor's Office for Policy and Management	2,511,400	2,863,500	3,101,500	2,860,500	3,098,000
State Planning Fund	500,000	500,000	500,000	500,000	500,000
TOTAL EXPENDITURES	10,278,400	12,553,000	13,129,000	12,950,000	13,538,000

The Governor serves as the chief administrator of the state and, in addition to other powers and duties, acts as Commander-in-Chief of all state military forces, makes appointments for vacancies of executive offices and memberships on boards and commissions authorized by statute, and has the power to grant pardons and commutations. As chief administrator of Kentucky, the Governor ensures that state government provides needed services to the citizens of the Commonwealth at minimum cost to the taxpayer.

GOVERNMENT OPERATIONS
Executive Office of the Governor
Office of the Governor

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,361,000	8,789,500	9,127,500	9,189,500	9,540,000
Reorganization Adjustment	506,000				
Total General Fund	<u>6,867,000</u>	<u>8,789,500</u>	<u>9,127,500</u>	<u>9,189,500</u>	<u>9,540,000</u>
Restricted Agency Funds					
Balance Forward	616,500	616,500	616,500	616,500	616,500
Non-Revenue Receipts	400,000	400,000	400,000	400,000	400,000
Total Restricted Agency Funds	<u>1,016,500</u>	<u>1,016,500</u>	<u>1,016,500</u>	<u>1,016,500</u>	<u>1,016,500</u>
TOTAL FUNDS	<u>7,883,500</u>	<u>9,806,000</u>	<u>10,144,000</u>	<u>10,206,000</u>	<u>10,556,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	5,527,800	6,908,000	7,229,500	7,062,500	7,391,500
Operating Expenses	1,004,200	1,547,000	1,558,500	1,792,500	1,809,000
Grants, Loans or Benefits	660,000	734,500	739,500	734,500	739,500
Capital Outlay	75,000				
TOTAL EXPENDITURES	<u>7,267,000</u>	<u>9,189,500</u>	<u>9,527,500</u>	<u>9,589,500</u>	<u>9,940,000</u>
EXPENDITURES BY UNIT					
Governor	3,902,700	4,261,000	4,464,000	4,260,900	4,463,700
Lt. Governor	436,500	449,000	462,000	449,000	462,000
Secretary of the Cabinet	989,400	1,017,500	1,065,500	1,017,500	1,065,500
Veteran's Affairs	506,000	824,000	835,000	824,000	835,000
Military Affairs Commission	500,000	527,500	543,500	527,500	543,500
Coal Marketing and Export Council	766,800	828,500	838,500	828,500	838,500
Sexual and Domestic Violence	165,600	184,000	192,000	184,000	192,000
Early Childhood Development				184,000	192,000
Kentucky Appalachian Commission		284,500	293,000	510,000	525,000
EMPOWER Kentucky Office		813,500	834,000	813,500	834,000
EMPOWER Kentucky General Fund Savings				-9,400	-11,200
TOTAL EXPENDITURES	<u>7,267,000</u>	<u>9,189,500</u>	<u>9,527,500</u>	<u>9,589,500</u>	<u>9,940,000</u>

The Governor serves as the chief administrator of the state and, in addition to other powers and duties, acts as Commander-in-Chief of all state military forces, makes appointments for vacancies of executive offices and memberships on boards and commissions authorized by statute, and has the power to grant pardons and commutations. As chief administrator of Kentucky, the Governor ensures that state government provides needed services to the citizens of the Commonwealth at minimum cost to the taxpayer.

The Lieutenant Governor is a constitutional officer elected for a term of four years and shall be eligible for election to the next succeeding term. Among the duties assigned, the Lieutenant Governor is to assume the duties and responsibilities of the Office of the Governor should the Governor be impeached or removed from Office, die, fail to qualify, resign, or be unable to discharge the duties of that office. KRS 11.400 describes additional duties and responsibilities for the Lieutenant Governor including serving on various boards and commissions, serving on Kentucky delegations to several interstate compact commissions, and appointing members to various boards. The Kentucky Constitution was amended effective November, 1992, mandating that the Governor and the Lieutenant Governor be elected jointly. As a result, the appropriations for these two offices have been combined.

The Secretary of the Cabinet develops and implements the major program decisions for the executive branch of government. As part of these duties, the Secretary of the Cabinet oversees the administration of the various cabinets and agencies of state government. This role promotes cooperation and coordination among all agencies and programs of state government. Included as part of the Secretary of the Cabinet's budget is the Governor's Office for a Drug-Free Kentucky. The Governor's Office for a Drug-Free Kentucky is responsible for coordinating alcohol awareness and other drug abuse awareness efforts statewide.

The Kentucky Department of Veterans Affairs (KDVA), established by KRS 36.300, was created to assist veterans and their families in applying for federal, state and local veterans benefits. The KDVA also provides assistance in the presentation, proof and establishment of all claims, privileges, rights and other benefits available from national, state and/or local government agencies. House Bill 90, passed by the 1996 General Assembly, established the Department of Veterans' Affairs and attached the new department to the Office of the Governor. This eliminated the Kentucky "Center for Veterans' Affairs" which was a division in the Department of Military Affairs. Kentucky's 360,000 veterans are supported by a cooperative network of Veterans Benefits Field Representatives, volunteers, and personal service contracts with major veterans organizations.

The 1996 Regular Session of the General Assembly moved the Military Affairs Commission (KRS 154.12-203) from the Economic Development Cabinet to the Office of the Governor. The commission serves in an advisory capacity to the Governor, the General Assembly, the Kentucky Congressional Delegation and other appropriate government officials. This commission is designed to continue state government's support of the U. S. Military's widespread presence in Kentucky and to recognize its contribution to the economy and well-being of the Commonwealth. Among the installations and operations eligible for support are: Fort Knox, Fort Campbell, Louisville Naval Ordnance Station, Bluegrass Station in Lexington, National Guard and Reserve operations throughout the state, and Bluegrass Army Depot in Richmond.

Attached to the Governor's Office is the Coal Marketing and Export Council (KRS 154.12-250). The council provides direction to the Governor in marketing efforts targeted to increasing opportunities for Kentucky coal. KRS 132.020(9) directs that \$400,000 each year from the property tax on unmined coal be paid to the council for the purpose of public education of coal related issues.

In addition, the Kentucky Council on Domestic Violence was created by Executive Order in January 1996. On December 9, 1997, this council was renamed the Governor's Council on Domestic Violence. This council is responsible for planning, implementation and direction of legal and human services systems of community support and services concerning issues related to domestic violence. The council was established to address the need to increase the efficiency and accountability of state and community systems responsible for the provision of services to domestic violence victims. The 1996 General Assembly funded the Office for Sexual and Domestic Violence in the Governor's Office. The missions of both the Governor's Council on Domestic Violence and the Office for Sexual and Domestic Violence are to strengthen and support the response of all Kentucky communities in their efforts to provide protection and intervention to victims of domestic violence.

Also attached to the Governor's Office is the Kentucky Appalachian Commission (KAC). This commission, originally created by Executive Order in October 1995, exists for the purpose of developing a comprehensive plan for the Appalachian Region of Kentucky in the context of development planning for the Commonwealth as a whole. The goal of the commission is the unification of resources from both public and private sectors to achieve sustainable economic development and an improved quality of life in the region.

Policy

Included in the Governor's recommended budget are recurring General Funds to fund ongoing support and program direction for the Empower Kentucky office and the new Chief Information Officer. This office currently is a component part of the Secretary of the Cabinet's budget funded almost exclusively from the one-time appropriations contained in Part X of HB 379 (the Appropriations Act). The Empower Kentucky projects already approved by the joint executive and legislative Redesign Steering Committee are expected to require oversight throughout and beyond the upcoming biennium. In addition, the basic premise of the Empower Kentucky program, which is a constant and continuing search for more effective and efficient ways to deliver government services at the lowest possible cost to taxpayers of the Commonwealth, is expected to be a priority focus of Kentucky State Government into the next century.

Included in the Governor's recommended budget are additional General Funds in the amount of \$184,000 in fiscal year 1999 and \$192,000 in fiscal year 2000 to support the establishment of an Office for Early Childhood Development which will provide support and policy recommendations for programs serving children ages 0 - 5 years.

Included in the Governor's recommended budget are General Funds in the amount of \$310,000 in fiscal year 1999 and \$325,000 in fiscal year 2000 to replace no longer available federal funds for the Kentucky Appalachian Commission. Additional General Funds for this program in the amount of \$200,000 in each year of fiscal biennium 1998-2000 are also included to deliver community development plans.

Included in the Governor's recommended budget are additional General Funds in the amount of \$303,000 in fiscal year 1999 and \$292,000 in fiscal year 2000 to support four additional staff in the Department of Veteran's Affairs in order to support ongoing operations with a minimal full-time staff.

GOVERNMENT OPERATIONS
Executive Office of the Governor
Governor's Office for Policy and Management

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,471,400	2,823,500	3,061,500	2,820,500	3,058,000
Restricted Agency Funds					
Balance Forward	167,000	127,000	87,000	127,000	87,000
TOTAL FUNDS	<u>2,638,400</u>	<u>2,950,500</u>	<u>3,148,500</u>	<u>2,947,500</u>	<u>3,145,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,973,400	2,213,000	2,440,000	2,213,000	2,440,000
Operating Expenses	467,800	630,500	641,500	627,500	638,000
Capital Outlay	70,200	20,000	20,000	20,000	20,000
TOTAL EXPENDITURES	<u>2,511,400</u>	<u>2,863,500</u>	<u>3,101,500</u>	<u>2,860,500</u>	<u>3,098,000</u>
EXPENDITURES BY UNIT					
Policy and Management	2,511,400	2,863,500	3,101,500	2,863,400	3,101,500
EMPOWER Kentucky General Fund Savings				-2,900	-3,500
TOTAL EXPENDITURES	<u>2,511,400</u>	<u>2,863,500</u>	<u>3,101,500</u>	<u>2,860,500</u>	<u>3,098,000</u>

The primary responsibility of the Governor's Office for Policy and Management is to assist the Governor and the Executive Cabinet by providing coordination and analysis for policy formulation, state management, budget preparation and execution, and a variety of related financial processes. The Office provides this assistance by serving as staff to the Governor, Secretary of the Cabinet, and the Secretary of the Finance and Administration Cabinet. The Governor's Office for Policy and Management assists the Governor in the preparation of the "Executive Budget," the overall financial plan for state government, for submission, review, modification, and approval by the General Assembly. The preparation of the budget includes the transmittal of information and necessary forms to state agencies, assisting those agencies in the preparation of their budget requests, reviewing the requests, and making subsequent recommendations to the Governor. Following the approval of the state's financial plan and its enactment into law by the General Assembly in the form of an Appropriations Act, the Governor and all Executive Branch agencies are assisted in the execution of the plan through the implementation of appropriations, monitoring of agency expenditures, review of program activities, and monitoring of program performance.

Policy

The Governor's recommended budget includes \$150,000 in fiscal year 1999 and \$150,000 in fiscal year 2000 for two new permanent full-time positions and the related operating costs.

GOVERNMENT OPERATIONS
Governor's Office for Policy and Management
State Planning Fund

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Planning Fund	500,000	500,000	500,000	500,000	500,000
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	500,000	500,000	500,000	500,000	500,000

The State Planning Fund is a central source of funds available to provide support for statewide planning projects designed to improve the delivery of government services. Under Chapter 147 of the Kentucky Revised Statutes, overall planning and development functions are a responsibility of the Governor's Cabinet. KRS 147.075 delegated these functions to a Cabinet committee, designated as the State Planning Committee, which fulfills this responsibility through its management of the State Planning Fund. The State Planning Committee includes the Governor, representatives from the various program cabinets, and the State Budget Director. The Governor serves as the Chairman of the Committee and the State Budget Director serves as its Secretary. In addition to the State Budget Director serving as Secretary, the Governor's Office for Policy and Management has the responsibility to review proposed planning projects, to make recommendations for funding to the Governor and the other members of the State Planning Committee, and to provide staff support to the Committee.

GOVERNMENT OPERATIONS
Secretary of State

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,223,200	2,207,000	2,307,500	2,254,300	2,354,300
Restricted Agency Funds					
Balance Forward	411,000	511,000	568,500	511,000	568,500
Current Receipts	100,000	200,000	200,000	200,000	200,000
Total Restricted Agency Funds	<u>511,000</u>	<u>711,000</u>	<u>768,500</u>	<u>711,000</u>	<u>768,500</u>
TOTAL FUNDS	<u>2,734,200</u>	<u>2,918,000</u>	<u>3,076,000</u>	<u>2,965,300</u>	<u>3,122,800</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,574,200	1,745,000	1,831,500	1,742,300	1,828,300
Operating Expenses	649,000	554,500	571,500	554,500	571,500
Capital Outlay		50,000	50,000	100,000	100,000
TOTAL EXPENDITURES	<u>2,223,200</u>	<u>2,349,500</u>	<u>2,453,000</u>	<u>2,396,800</u>	<u>2,499,800</u>
EXPENDITURES BY UNIT					
Restoration of Land Grant Books	44,000	44,000	44,000	44,000	44,000
General Administration	2,179,200	2,305,500	2,409,000	2,355,500	2,459,000
EMPOWER Kentucky General Fund Savings				-2,700	-3,200
TOTAL EXPENDITURES	<u>2,223,200</u>	<u>2,349,500</u>	<u>2,453,000</u>	<u>2,396,800</u>	<u>2,499,800</u>

The Secretary of State is the constitutional officer entrusted with filing, maintaining, and preserving the important documents and records of the Commonwealth. The Secretary also keeps the Seal of the Commonwealth and affixes it to all communications and commissions issued in the name of the state. The Secretary of State consists of two units, General Administration and Restoration of Land Grant Books.

GOVERNMENT OPERATIONS
Secretary of State
General Administration

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,179,200	2,163,000	2,263,500	2,213,000	2,313,500
Restricted Agency Funds					
Balance Forward	411,000	511,000	568,500	511,000	568,500
Current Receipts	100,000	200,000	200,000	200,000	200,000
Total Restricted Agency Funds	511,000	711,000	768,500	711,000	768,500
TOTAL FUNDS	2,690,200	2,874,000	3,032,000	2,924,000	3,082,000
EXPENDITURES BY CLASS					
Personnel Costs	1,530,200	1,701,000	1,787,500	1,701,000	1,787,500
Operating Expenses	649,000	554,500	571,500	554,500	571,500
Capital Outlay		50,000	50,000	100,000	100,000
TOTAL EXPENDITURES	2,179,200	2,305,500	2,409,000	2,355,500	2,459,000
EXPENDITURES BY UNIT					
General Administration	1,100,200	1,130,500	1,185,000	1,130,500	1,185,000
Operations and Kentucky Business Law	1,079,000	1,032,500	1,078,500	1,082,500	1,128,500
Limited Liability Companies		142,500	145,500	142,500	145,500
TOTAL EXPENDITURES	2,179,200	2,305,500	2,409,000	2,355,500	2,459,000

The General Administration unit consists of three programs: General Administration and Support, General Operations and Kentucky Business Law, and Limited Liability Companies.

The General Administration and Support program is responsible for central policy research, planning, and implementation. The program also prepares and records official documents for the Governor and implements election laws pertaining to the Secretary of State.

The General Operations and Kentucky Business Law is responsible for the administration and incorporation of businesses, both domestic and foreign, profit and non-profit, including the administration of documents of merger, dissolution, name changes, and certain stock matters. The program administers Kentucky's Notary Public Law, Kentucky's Uniform Commercial Code Law, laws regarding the service of summonses and complaints, and laws pertaining to trademarks and service marks. This program also issues commissions, pardons, commutations, extraditions, and the registration of trademarks.

The Limited Liability Companies program is responsible for being the filing officer for limited liability companies and registered limited liability partnerships. These companies and partnerships must file articles of organization with the Secretary of State. They must also file any amendments, mergers and dissolutions. This program was established by Senate Bill 184, which was passed by the 1994 Kentucky General Assembly. Operations began on July 15, 1994.

GOVERNMENT OPERATIONS
Secretary of State
Restoration of Land Grant Books

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	44,000	44,000	44,000	44,000	44,000
EXPENDITURES BY CLASS					
Personnel Costs	44,000	44,000	44,000	44,000	44,000

The objective of the Restoration of Land Grant Books program is to preserve Kentucky land grant records and fulfill daily requests for copies of those records. The restoration process consists of indexing, deacidifying, laminating, and bonding, thus safely preserving Kentucky's original land grants.

GOVERNMENT OPERATIONS
Board of Elections

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,222,500	5,763,000	5,842,000	4,099,800	4,172,100
Mandated Allotments	197,500				
Total General Fund	<u>3,420,000</u>	<u>5,763,000</u>	<u>5,842,000</u>	<u>4,099,800</u>	<u>4,172,100</u>
Restricted Agency Funds					
Balance Forward	12,000				
Current Receipts	38,000	40,000	40,000	40,000	40,000
Total Restricted Agency Funds	<u>50,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>
TOTAL FUNDS	<u>3,470,000</u>	<u>5,803,000</u>	<u>5,882,000</u>	<u>4,139,800</u>	<u>4,212,100</u>
EXPENDITURES BY CLASS					
Personnel Costs	818,300	861,000	905,500	860,300	904,600
Operating Expenses	467,000	496,000	498,500	478,000	472,500
Grants, Loans or Benefits	2,159,700	4,414,500	4,448,000	2,801,500	2,835,000
Capital Outlay	25,000	31,500	30,000		
TOTAL EXPENDITURES	<u>3,470,000</u>	<u>5,803,000</u>	<u>5,882,000</u>	<u>4,139,800</u>	<u>4,212,100</u>
EXPENDITURES BY UNIT					
General Administration and Support	1,310,300	1,388,500	1,434,000	1,339,000	1,378,000
State Share of County Election Expenses	935,100	3,293,000	3,293,000	1,680,000	1,680,000
State Share of Voter Registration Expenses	1,224,600	1,121,500	1,155,000	1,121,500	1,155,000
Empower Kentucky General Fund Savings				-700	-900
TOTAL EXPENDITURES	<u>3,470,000</u>	<u>5,803,000</u>	<u>5,882,000</u>	<u>4,139,800</u>	<u>4,212,100</u>

The State Board of Elections administers the election laws of the state and supervises the registration and purgation of voters within the state. The Board is responsible for canvassing returns, certifying successful candidates, maintaining the statewide list of registered voters, and implementing legislation relating to campaign finance reform.

The Board is directed by the Secretary of State, an ex officio member, with other members appointed by the Governor.

Policy

Included in the General Fund appropriation is \$2,801,500 in fiscal year 1999 and \$2,835,000 in fiscal year 2000 to pay the state's share of county election expenses and the state's share of voter registration expenses. Pursuant to the Appropriations Act, any unexpended balance remaining at the close of each fiscal year shall lapse to the credit of the General Fund. Any amount that the state is required to pay in excess of the above amounts, for the purpose of reimbursing the county clerks for voter registration expense, shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account or the Budget Reserve Trust Fund. Special elections and creation of additional precincts due to redistricting or reapportionment shall be deemed necessary governmental expenses and be paid from General Fund Surplus.

GOVERNMENT OPERATIONS
Board of Elections
General Administration and Support

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,260,300	1,348,500	1,394,000	1,299,000	1,338,000
Restricted Agency Funds					
Balance Forward	12,000				
Current Receipts	38,000	40,000	40,000	40,000	40,000
Total Restricted Agency Funds	50,000	40,000	40,000	40,000	40,000
TOTAL FUNDS	1,310,300	1,388,500	1,434,000	1,339,000	1,378,000
EXPENDITURES BY CLASS					
Personnel Costs	818,300	861,000	905,500	861,000	905,500
Operating Expenses	467,000	496,000	498,500	478,000	472,500
Capital Outlay	25,000	31,500	30,000		
TOTAL EXPENDITURES	1,310,300	1,388,500	1,434,000	1,339,000	1,378,000

The General Administration and Support program objectives are to maintain an up-to-date computerized record of registered voters in the state, certify election results, produce precinct rosters, issue certification of nomination and election, train county clerks in election duties, and conduct a nonpartisan voter education program.

GOVERNMENT OPERATIONS
Board of Elections
State Share of County Election Expenses

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	935,100	3,293,000	3,293,000	1,680,000	1,680,000
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	935,100	3,293,000	3,293,000	1,680,000	1,680,000

The State Share of County Election Expenses program is mandated to pay all precincts eligible under law the state's statutory share of county election expenses. Payment is made on the basis of a maximum state payment of \$255 per precinct per election to each precinct using voting machines.

GOVERNMENT OPERATIONS
Board of Elections
State Share of Voter Registration Expenses

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,027,100	1,121,500	1,155,000	1,121,500	1,155,000
Mandated Allotments	197,500				
TOTAL FUNDS	<u>1,224,600</u>	<u>1,121,500</u>	<u>1,155,000</u>	<u>1,121,500</u>	<u>1,155,000</u>
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	1,224,600	1,121,500	1,155,000	1,121,500	1,155,000

The State Share of Voter Registration Expenses program pays each eligible county the state's statutory share of voter registration expenses. Payments of 25 cents are made for each new voter registration. Payments of up to 50 cents for each registered voter are made for costs associated with the conduct of elections.

GOVERNMENT OPERATIONS
Treasury

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,857,700	2,562,000	2,552,500	2,078,500	2,135,200
Restricted Agency Funds					
Balance Forward	4,000	4,000	4,000	4,000	4,000
Non-Revenue Receipts	166,500				
Total Restricted Agency Funds	170,500	4,000	4,000	4,000	4,000
TOTAL FUNDS	2,028,200	2,566,000	2,556,500	2,082,500	2,139,200
EXPENDITURES BY CLASS					
Personnel Costs	1,591,200	1,913,000	2,028,500	1,666,000	1,757,500
Operating Expenses	433,000	529,000	524,000	412,500	377,700
Capital Outlay		120,000			
TOTAL EXPENDITURES	2,024,200	2,562,000	2,552,500	2,078,500	2,135,200
EXPENDITURES BY UNIT					
Abandoned Property					
Administration	364,000	510,000	525,500	383,000	395,000
Administration and Support	1,163,200	1,403,500	1,481,000	1,218,000	1,232,500
Disbursements and Accounting	497,000	648,500	546,000	479,500	510,000
Empower Kentucky General Fund Savings				-2,000	-2,300
TOTAL EXPENDITURES	2,024,200	2,562,000	2,552,500	2,078,500	2,135,200

The Treasury Department is the central administrative state agency responsible for the receipt and custody of all revenues collected by state government, as outlined in Chapter 41 of the Kentucky Revised Statutes, and for the writing of all checks and disbursement of state funds.

The Treasury Department is headed by the State Treasurer who is a constitutional officer as provided in Section 91 of the State Constitution. The Treasurer also serves on the State Investment Commission. The Treasury Department reviews and records, for accounting purposes, all investment transactions of the Commonwealth.

The General Administration and Support Division provides management support for Treasury, including: fiscal control, personnel administration, and policy development and implementation. The three functions of General Administration and Support are information storage and retrieval, information systems and technology, and administrative services. The Division issues over 7,000,000 checks each year, reconciles the various Commonwealth bank accounts, reconciles daily with the State Depository, administers and records court-ordered withholdings, and produces wire transfers for state government.

The Disbursements and Accounting Division receives all funds of the Commonwealth including fees, grants, taxes, federal funds, and fees from officials in counties over 75,000 in population, as well as fees from various boards and commissions. This program also receives, balances, and deposits all withholdings, and all U. S. Savings Bond deductions from state agency payrolls. A computer analysis is maintained on daily receipts and disbursements, which subsequently is submitted to the Finance and Administration Cabinet for accounting posting.

The Abandoned Property program is responsible for administering the provisions of KRS Chapter 393 related to the Escheats Law. This program receives unclaimed property reports from holders and potential holders of unclaimed property, collects unclaimed property, pursues the location and collection of the property, and attempts to locate the rightful property owner.

Policy

The Governor's recommended budget includes a General Fund replacement of \$166,500 in fiscal year 1999 and \$166,500 for fiscal year 2000. The discontinuation of the annual Cabinet for Families and Children payment for Treasury services leaves the Treasurer's Office underfunded; to provide the same service level, additional funding is provided.

GOVERNMENT OPERATIONS
Attorney General

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,639,900	12,968,000	13,564,500	12,940,500	13,520,700
Mandated Allotments	300,000				
Total General Fund	<u>10,939,900</u>	<u>12,968,000</u>	<u>13,564,500</u>	<u>12,940,500</u>	<u>13,520,700</u>
Restricted Agency Funds					
Balance Forward	1,312,500	460,500	334,000	460,500	334,000
Current Receipts	1,732,000	1,797,500	1,812,000	1,797,500	1,812,000
Non-Revenue Receipts	6,531,500	4,052,500	4,110,500	4,052,500	4,110,500
Total Restricted Agency Funds	<u>9,576,000</u>	<u>6,310,500</u>	<u>6,256,500</u>	<u>6,310,500</u>	<u>6,256,500</u>
Federal Funds					
Balance Forward	7,500				
Current Receipts	877,000	969,500	1,011,500	969,500	1,011,500
Non-Revenue Receipts	722,000	670,000	584,000	670,000	584,000
Total Federal Funds	<u>1,606,500</u>	<u>1,639,500</u>	<u>1,595,500</u>	<u>1,639,500</u>	<u>1,595,500</u>
TOTAL FUNDS	<u>22,122,400</u>	<u>20,918,000</u>	<u>21,416,500</u>	<u>20,890,500</u>	<u>21,372,700</u>
EXPENDITURES BY CLASS					
Personnel Costs	13,255,400	14,473,000	15,214,500	14,473,000	15,214,500
Operating Expenses	2,010,500	2,140,500	2,220,500	2,113,000	2,176,700
Grants, Loans or Benefits	6,284,000	3,890,500	3,901,500	3,890,500	3,901,500
Debt Service	80,000	80,000	80,000	80,000	80,000
Capital Outlay	32,000				
TOTAL EXPENDITURES	<u>21,661,900</u>	<u>20,584,000</u>	<u>21,416,500</u>	<u>20,556,500</u>	<u>21,372,700</u>
EXPENDITURES BY UNIT					
Administrative Services	2,122,400	2,219,500	2,326,500	2,219,500	2,326,500
Advocacy Services	3,915,000	4,322,500	4,582,000	4,322,500	4,582,000
Civil Services	2,674,000	2,849,000	2,994,000	2,849,000	2,994,000
Criminal Services	6,393,500	7,194,000	7,457,000	7,194,000	7,457,000
Uninsured Employers' Fund	6,557,000	3,999,000	4,057,000	3,999,000	4,057,000
EMPOWER Kentucky General Fund Savings				-27,500	-43,800
TOTAL EXPENDITURES	<u>21,661,900</u>	<u>20,584,000</u>	<u>21,416,500</u>	<u>20,556,500</u>	<u>21,372,700</u>

As Kentucky's chief law enforcement officer, the Attorney General performs a variety of legal, investigative and administrative duties on behalf of the citizens of the Commonwealth.

The Criminal Appellate Division represents the citizens of Kentucky and the victims of crime in all criminal appeals and other post-conviction proceedings in state and federal courts. The Division advises elected prosecutors on legal issues, assists in prosecutor training, reviews the merits of appeals, or requests for certification of the law by prosecutors and participates in amicus curiae efforts by other states.

The Consumer Protection Act, KRS 367.110 to 367.300, mandates that the Consumer Protection Division enforce the provisions of the Act that prohibit unfair, false, misleading, and deceptive acts or practices. The Division investigates consumer matters, mediates consumer complaints, and promotes consumer education. The Division also serves as the staff to the Governor's Consumer Advisory Council, and operates the Health Spas and Cemeteries and Funeral Homes Program, codified as KRS 367.905 and KRS 367.932 to 367.991.

The Special Investigations Division investigates certain specialized, primarily white-collar, criminal activity. The Welfare Fraud Unit investigates fraud in the Food Stamp, Temporary Assistance for Needy Families (TANF), and Medical Assistance programs. The Drug Enforcement Unit investigates illegal drug transactions with special emphasis on the illegal diversion of legally manufactured drugs.

The Special Prosecutions Division prosecutes criminal cases pursuant to KRS 15.190 to 15.240 and KRS 15.715. The Special Prosecutions branch assists local prosecutors in complex or sensitive cases, handles cases in which the local prosecutor disqualifies himself, and prosecutes thefts from the Commonwealth by employees or elected officials.

The Prosecutors Advisory Council Division performs staff services for the Prosecutors Advisory Council. The Council is charged with preparation and oversight of the budget of the Unified Prosecutorial System and its continuing legal education and program development.

The Medicaid Fraud and Abuse Control Division investigates and prosecutes cases of Medicaid provider fraud pursuant to KRS 194.500 to 194.900 and KRS Chapter 205. The Division also investigates and refers for prosecution, complaints of physical abuse at Medicaid facilities.

The Civil and Environmental Law Division represents the state's boards and agencies, issues formal opinions, represents state officials, elected prosecutors and the judiciary in legal proceedings, oversees lobbyists' registration, intervenes in constitutional challenges to state statutes, and through its Anti-Trust branch enforces the state's anti-trust statute. In addition, the Division acts as the legal representative of the Uninsured Employers' Fund in all proceedings to enforce workers' compensation claims against or for the Fund. In the 1987 Extraordinary Session of the General Assembly, the responsibility for the administration of the Fund and the conservation of its assets was transferred to the Labor Cabinet. The Public Service Litigation Branch, within this Division, operates under the authority of KRS 367.150(8) and is the only state government entity charged solely with the protection of consumers' interests before rate-making bodies such as the Public Service Commission. The Asbestos Litigation Unit, also within this division, is responsible for the ongoing suit against asbestos manufacturers.

The Victims Advocacy Division operates the Victims Advocacy program and provides support services to every victim of crime whose case is handled by the Attorney General's Office. The Division assists local prosecutors who wish to establish victims' programs, provides staff support to the Child Sexual Abuse and Exploitation Prevention Board and to the Child Victims' Trust Fund, and provides external monitoring services to the Children's Residential Services program in the Cabinet for Families and Children.

The Child Support Enforcement Commission was created in 1988 pursuant to KRS 15.290. Under its mandate, the Commission advises the Governor on child support enforcement issues. It also serves as a forum to foster increased cooperation among the agencies involved in the delivery of child support services.

The Administrative Hearings Division was created by House Bill 334, adopted during the 1994 Session of the General Assembly. Currently, the Division conducts 43 different kinds of hearings for 17 agencies. It also works to oversee the entire hearings process for state government and to provide training for hearing officers as required by KRS 13B.030.

Policy

The Governor's recommended budget provides General Funds for the entire continuation and expansion/new program requests for the Attorney General's office.

Additional funds are recommended provided to in the amount of \$247,500 in fiscal year 1999 and \$330,000 in fiscal year 2000 for 15 additional victim advocates. This funding results in every Commonwealth's Attorneys Office having a victim advocate on staff. (Criminal Justice Response Team Recommendation C-7).

Also recommended is \$200,000 in each year of the biennium to establish a Victim Witness protection Program. (Criminal Justice Response Team Recommendation C-24).

Additional funds are recommended in the amount of \$109,000 in fiscal year 2000 for the replacement of an expiring federal grant from the Edward Byrne Memorial State and Local Law Enforcement Assistance Program for the "expedite death penalty post-conviction litigation project". The goal of the project is to bring to a conclusion those cases which have been pending in the state courts for a number of years on post-conviction review. The grant was to last four years and concludes at the end of fiscal year 1999.

The Governor's recommended budget provides \$60,000 in each year of the biennium is provided for more frequent cemetery and funeral home audits.

Funding in the amount of \$260,000 in fiscal year 1999 and \$273,000 in fiscal year 2000 is provided for the continuation of the health care rate intervention responsibilities of the Attorney General mandated by Senate Bill 343.

GOVERNMENT OPERATIONS
Unified Prosecutorial System

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	32,731,200	37,870,500	39,691,000	34,669,700	36,386,100
Mandated Allotments	185,200				
Total General Fund	<u>32,916,400</u>	<u>37,870,500</u>	<u>39,691,000</u>	<u>34,669,700</u>	<u>36,386,100</u>
Restricted Agency Funds					
Balance Forward	325,000	288,700	239,700	288,700	239,700
Current Receipts	5,000	5,000	5,000	5,000	5,000
Non-Revenue Receipts	473,500	530,500	554,500	530,500	554,500
Total Restricted Agency Funds	<u>803,500</u>	<u>824,200</u>	<u>799,200</u>	<u>824,200</u>	<u>799,200</u>
Federal Funds					
Balance Forward	19,000	19,000	19,000	19,000	19,000
Non-Revenue Receipts	580,000	575,000	606,000	575,000	606,000
Revenue Redistribution	167,500	130,000	137,000	130,000	137,000
Total Federal Funds	<u>766,500</u>	<u>724,000</u>	<u>762,000</u>	<u>724,000</u>	<u>762,000</u>
TOTAL FUNDS	<u>34,486,400</u>	<u>39,418,700</u>	<u>41,252,200</u>	<u>36,217,900</u>	<u>37,947,300</u>
EXPENDITURES BY CLASS					
Personnel Costs	31,148,400	35,475,500	37,570,000	32,917,700	34,782,600
Operating Expenses	2,947,800	3,484,000	3,280,000	2,958,500	2,880,000
Grants, Loans or Benefits	82,500	200,500	201,000	83,000	83,500
TOTAL EXPENDITURES	<u>34,178,700</u>	<u>39,160,000</u>	<u>41,051,000</u>	<u>35,959,200</u>	<u>37,746,100</u>
EXPENDITURES BY UNIT					
County Attorneys	15,935,000	18,366,000	19,341,500	16,837,200	17,675,000
Commonwealth's Attorneys	18,243,700	20,794,000	21,709,500	19,122,000	20,071,100
TOTAL EXPENDITURES	<u>34,178,700</u>	<u>39,160,000</u>	<u>41,051,000</u>	<u>35,959,200</u>	<u>37,746,100</u>

Pursuant to KRS 15.700, the Unified Prosecutorial System was established January 1, 1978, to encourage cooperation among law enforcement officers and to provide for the general supervision of criminal justice by the Attorney General, as chief law enforcement officer and chief prosecutor of the Commonwealth. Also, its role is to maintain uniform and efficient enforcement of the criminal law and administration of criminal justice throughout the Commonwealth.

The Unified Prosecutorial System is administered by the Prosecutors Advisory Council with the Attorney General serving as chairman. The Unified Prosecutorial System is comprised of the 56 Commonwealth's Attorneys and 120 County Attorneys for the purpose of prosecuting criminal cases in Kentucky's circuit and district courts.

GOVERNMENT OPERATIONS
Unified Prosecutorial System
Commonwealth's Attorneys

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	16,982,600	19,685,000	20,538,500	18,013,000	18,900,100
Mandated Allotments	134,100				
Total General Fund	<u>17,116,700</u>	<u>19,685,000</u>	<u>20,538,500</u>	<u>18,013,000</u>	<u>18,900,100</u>
Restricted Agency Funds					
Balance Forward	251,500	215,500	192,500	215,500	192,500
Non-Revenue Receipts	413,000	459,500	480,000	459,500	480,000
Total Restricted Agency Funds	<u>664,500</u>	<u>675,000</u>	<u>672,500</u>	<u>675,000</u>	<u>672,500</u>
Federal Funds					
Balance Forward	17,000	16,000	16,000	16,000	16,000
Non-Revenue Receipts	509,500	496,500	522,500	496,500	522,500
Revenue Redistribution	167,500	130,000	137,000	130,000	137,000
Total Federal Funds	<u>694,000</u>	<u>642,500</u>	<u>675,500</u>	<u>642,500</u>	<u>675,500</u>
TOTAL FUNDS	<u>18,475,200</u>	<u>21,002,500</u>	<u>21,886,500</u>	<u>19,330,500</u>	<u>20,248,100</u>
EXPENDITURES BY CLASS					
Personnel Costs	15,820,700	17,924,000	19,037,000	16,707,000	17,729,900
Operating Expenses	2,340,500	2,669,500	2,471,500	2,332,000	2,257,700
Grants, Loans or Benefits	82,500	200,500	201,000	83,000	83,500
TOTAL EXPENDITURES	<u>18,243,700</u>	<u>20,794,000</u>	<u>21,709,500</u>	<u>19,122,000</u>	<u>20,071,100</u>
EXPENDITURES BY UNIT					
Commonwealth's Attorneys	18,243,700	20,794,000	21,709,500	19,167,100	20,132,100
EMPOWER Kentucky General Fund Savings				-45,100	-61,000
TOTAL EXPENDITURES	<u>18,243,700</u>	<u>20,794,000</u>	<u>21,709,500</u>	<u>19,122,000</u>	<u>20,071,100</u>

Pursuant to KRS 15.725, the Commonwealth's Attorneys attend each circuit court held in the judicial circuit. The Commonwealth's Attorneys, except as provided by KRS 15.715, also have the duty to prosecute all violations of the criminal and penal laws which are tried in the circuit court. In addition, the Commonwealth's Attorneys have the primary responsibility within the judicial circuit to present evidence to the grand jury concerning such violations.

In accordance with KRS 15.735, the Commonwealth's Attorneys also serve as special prosecutors in cases where the regularly elected prosecutor has been disqualified.

The Commonwealth's Attorney program is made up of 56 elected Commonwealth's Attorneys, one for each circuit, and each having a staff. Fifteen circuits have full-time Commonwealth's Attorneys, with the remaining being part-time. The prosecution of each felony requires a thorough investigation which involves extensive research and trial preparation by the prosecutor.

Witness interviews, motions, conferences, plea bargaining, case studies, and continuing legal education are a part of each prosecutor's responsibility in representing the Commonwealth and citizens of Kentucky as the state's attorney.

Policy

The Governor's recommended budget provides General Funds at a five and one-half percent increase in fiscal year 1999 and five percent increase in fiscal year 2000. Within these parameters, funding is provided in the amount of \$267,600 in fiscal year 1999 and \$354,700 in fiscal year 2000 to allow four Commonwealth's Attorneys' Offices to change their status from part-time to full-time per KRS 15.757.

GOVERNMENT OPERATIONS
Unified Prosecutorial System
County Attorneys

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	15,748,600	18,185,500	19,152,500	16,656,700	17,486,000
Mandated Allotments	51,100				
Total General Fund	15,799,700	18,185,500	19,152,500	16,656,700	17,486,000
Restricted Agency Funds					
Balance Forward	73,500	73,200	47,200	73,200	47,200
Current Receipts	5,000	5,000	5,000	5,000	5,000
Non-Revenue Receipts	60,500	71,000	74,500	71,000	74,500
Total Restricted Agency Funds	139,000	149,200	126,700	149,200	126,700
Federal Funds					
Balance Forward	2,000	3,000	3,000	3,000	3,000
Non-Revenue Receipts	70,500	78,500	83,500	78,500	83,500
Total Federal Funds	72,500	81,500	86,500	81,500	86,500
TOTAL FUNDS	16,011,200	18,416,200	19,365,700	16,887,400	17,699,200
EXPENDITURES BY CLASS					
Personnel Costs	15,327,700	17,551,500	18,533,000	16,210,700	17,052,700
Operating Expenses	607,300	814,500	808,500	626,500	622,300
TOTAL EXPENDITURES	15,935,000	18,366,000	19,341,500	16,837,200	17,675,000
EXPENDITURES BY UNIT					
County Attorneys	15,935,000	18,366,000	19,341,500	16,849,200	17,691,200
EMPOWER Kentucky General Fund Savings				-12,000	-16,200
TOTAL EXPENDITURES	15,935,000	18,366,000	19,341,500	16,837,200	17,675,000

Pursuant to KRS 15.725(2), the County Attorney attends the district court in the county and prosecutes all violations of criminal and penal laws within the jurisdiction of that district court. In accordance with KRS 15.735, County Attorneys also serve as special prosecutors in cases where the regular elected prosecutor has been disqualified.

The County Attorney is statutorily responsible for handling felony cases until the case is transferred to circuit court. Misdemeanors, juvenile and traffic cases, warrant preparation, motions, investigations, and witness interviews must be completed by the County Attorney. The County Attorney frequently mediates local complaints; thus, many of the services provided may never appear on a court docket.

Policy

The Governor's recommended budget provides General Funds at a five and one-half percent increase in fiscal year 1999 and a five percent increase in fiscal year 2000.

GOVERNMENT OPERATIONS
Auditor of Public Accounts

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,572,100	6,064,000	6,185,500	5,315,800	5,549,400
Restricted Agency Funds					
Balance Forward	791,000	515,000	390,000	548,500	477,000
Current Receipts	3,043,000	3,737,900	3,876,600	3,568,000	3,798,500
Total Restricted Agency Funds	<u>3,834,000</u>	<u>4,252,900</u>	<u>4,266,600</u>	<u>4,116,500</u>	<u>4,275,500</u>
TOTAL FUNDS	<u>8,406,100</u>	<u>10,316,900</u>	<u>10,452,100</u>	<u>9,432,300</u>	<u>9,824,900</u>
EXPENDITURES BY CLASS					
Personnel Costs	6,993,100	8,356,000	8,794,500	7,897,000	8,256,600
Operating Expenses	771,500	965,500	992,500	809,300	835,300
Capital Outlay	93,000	570,500	392,000	249,000	256,000
TOTAL EXPENDITURES	<u>7,857,600</u>	<u>9,892,000</u>	<u>10,179,000</u>	<u>8,955,300</u>	<u>9,347,900</u>
EXPENDITURES BY UNIT					
Administration	1,274,000	1,816,500	1,839,500	2,332,000	2,453,000
Examination and Technology	660,000	951,500	951,500	748,000	744,000
Financial Audit	5,286,600	6,167,000	6,424,000	5,322,500	5,575,500
Performance Audit	637,000	957,000	964,000	560,500	590,500
Empower Kentucky General Fund Savings				-7,700	-15,100
TOTAL EXPENDITURES	<u>7,857,600</u>	<u>9,892,000</u>	<u>10,179,000</u>	<u>8,955,300</u>	<u>9,347,900</u>

The Auditor of Public Accounts is a constitutionally elected official charged with the responsibility for auditing all state agencies and county governments, pursuant to KRS Chapter 43. To fulfill its responsibilities, the Auditor's Office must audit the state's general accounts, the accounts of all state agencies, all private and semi-private agencies receiving or handling state funds and all state revenue collections. Furthermore, the Auditor must examine the management and control of all institutions and public works in which the state has financial interest or legal power; the safe custody and proper accounting of all state property must be ensured, pursuant to KRS 43.050.

The Auditor's Office is responsible for assisting state and local officials in establishing and maintaining proper accounting records, internal controls, and administrative controls over public funds. In addition, requests from public officials, the general public, the Legislative Research Commission, and the Governor's Office are made concerning financial matters, program matters, special audits, and investigations.

Executive Order 97-01, effective May 16, 1997, reorganized the Auditor of Public Accounts into four programmatic areas: Administration, Division of Examination and Technology, Division of Financial Audit, and the Division of Performance Audit. Each new division more accurately represents the Auditor's Office programmatic needs.

The Administration area includes: the Office of the State Auditor, support staff, policy staff, and General Counsel; the Office of Planning and Management with the budget, fiscal, and personnel duties; and the Office of Quality Assurance and Consultation, which is responsible for the development of audit procedures, audit quality control, internal training, and external training.

The Division of Examination and Information Technology is responsible for internal technology systems, state and public entities, data processing systems, special examinations of complaints, and public investment analysis.

The Division of Financial Audit is responsible for financial audits of state agency transactions, pursuant to KRS 43.050; county officials such as fiscal courts, sheriffs, county clerks, property valuation administrators, county attorneys, circuit clerks, and special districts per KRS 43.070. The Single Audit Act of 1984 as enacted by the United States Congress is also one of the responsibilities for the Auditor of Public Accounts.

The Division of Performance Audit was established to conduct audits of public entities to increase the effectiveness of the delivery of services and to reduce the costs of service delivery to the public.

Policy

The Governor's recommended budget provides additional General Funds of \$442,900 in fiscal year 1999 and \$423,800 in fiscal year 2000 for personnel vacancies; concurrent restricted funds of \$426,000 in fiscal year 1999 and \$383,000 in fiscal year 2000 are also provided in the recommendation to fill personnel vacancies.

General Funds of \$171,600 and restricted funds of \$25,100 for fiscal year 1999 and General Funds of \$290,000 and restricted funds of \$26,600 for fiscal year 2000 are recommended for operating expenditures.

GOVERNMENT OPERATIONS
Agriculture

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	16,466,500	23,671,000	23,505,000	23,434,100	19,030,000
Continuing Appropriation	655,800				
Reorganization Adjustment	198,300				
Total General Fund	17,320,600	23,671,000	23,505,000	23,434,100	19,030,000
Restricted Agency Funds					
Balance Forward	2,348,500	2,466,500	2,334,500	2,386,500	2,254,500
Current Receipts	2,024,000	2,101,000	2,101,000	2,101,000	2,101,000
Non-Revenue Receipts	125,500	124,500	124,500	124,500	124,500
Total Restricted Agency Funds	4,498,000	4,692,000	4,560,000	4,612,000	4,480,000
Federal Funds					
Balance Forward	119,000	32,500	30,500	32,600	30,500
Current Receipts	3,022,500	1,892,000	1,896,500	1,892,000	1,892,000
Non-Revenue Receipts	-12,500				
Total Federal Funds	3,129,000	1,924,500	1,927,000	1,924,600	1,922,500
TOTAL FUNDS	24,947,600	30,287,500	29,992,000	29,970,700	25,432,500
EXPENDITURES BY CLASS					
Personnel Costs	13,507,000	14,747,500	15,433,000	13,765,000	14,801,600
Operating Expenses	4,481,500	4,944,000	4,909,500	4,869,700	4,825,900
Grants, Loans or Benefits	3,739,500	8,090,500	7,447,500	8,910,500	3,687,500
Capital Outlay	800,500	140,500	16,000	140,500	16,000
TOTAL EXPENDITURES	22,528,500	27,922,500	27,806,000	27,685,700	23,331,000
EXPENDITURES BY UNIT					
State Veterinarian	4,444,000	4,583,000	4,762,000	4,399,000	4,564,500
Consumer and Public Service	5,235,000	5,196,000	5,372,000	5,166,000	5,331,500
Environmental Outreach	4,439,000	3,943,500	4,025,000	3,918,600	3,993,000
Agricultural Markets and Product Promotion	3,674,000	8,015,500	7,384,500	9,257,000	4,041,000
Strategic Planning and Administration	4,736,500	6,184,500	6,262,500	4,972,000	5,446,000
EMPOWER Kentucky General Fund Savings				-26,900	-45,000
TOTAL EXPENDITURES	22,528,500	27,922,500	27,806,000	27,685,700	23,331,000

The Department of Agriculture, as defined in KRS Chapter 246, is headed by the Commissioner of Agriculture, a Constitutional Officer. In addition, the State Board of Agriculture, appointed by the Governor, acts as an advisory body to the elected Commissioner. The Department of Agriculture is divided into five service units:

The Office for Strategic Planning and Administration is responsible for personnel functions, financial operations, public relations, and technology systems.

The Office for Environmental Outreach reflects the Department's role of fostering understanding and cooperation between Kentucky's agriculture community and federal/state enforcement entities. This office is responsible for conducting various pest and noxious weed control programs, enforcing federal/state laws and regulations pertaining to the control of pesticide use and application, and providing an avenue of discussion and negotiation between the regulator and those being regulated.

The Office for Consumer and Public Service directs programs which have a direct bearing on agricultural revenue. The Office conducts the hay grading program, certifies all sales made by solid weight or liquid volume, licenses all egg wholesalers, and inspects all amusement rides operating within the Commonwealth. Further duties include the distribution of commodity foods to qualifying institutions and individuals on behalf of the USDA.

The Office of the State Veterinarian is responsible for protecting the livestock industry pursuant to KRS Chapter 257. The Office formulates and regulates all disease policies and investigates all disease outbreaks.

The Office for Agricultural Marketing and Product Promotion develops and manages programs which promote Kentucky-produced agricultural products, including grading and inspecting of specific products and commodities and reporting of market news. Additional responsibilities include the research and development of new and/or expanded outlets for Kentucky's agricultural products, administration of the Kentucky logo labeling program, administration of the Shows and Fairs Promotion Division, and the regulation of the ginseng industry through dealer registration and export certification.

Policy

The Governor's recommended budget provides total additional General Funds of \$7,240,000 and \$2,407,500 for fiscal years 1999 and 2000 respectively, for the most critical personnel vacancies, to support the Mexico Office, the multi-faceted Agricultural Marketing Initiative, and the Farm Safety initiative. In the additional General Fund recommendation, \$775,000 and \$1,222,500 are provided for fiscal years 1999 and 2000 respectively, to fund personnel vacancies.

The Agriculture Marketing initiative, as included in the additional General Fund recommendation, is provided \$6,465,000 and \$1,185,000 for fiscal years 1999 and 2000, respectively, for personnel, operating, grants, and loan expenditures associated with the initiative. General Funds not expended in 1999 are recommended to be continued into fiscal year 2000. Three agricultural development areas will be the primary focus of the Department of Agriculture's efforts: livestock/forage, vegetable/horticulture, and aquaculture.

The Livestock/Forage initiative includes various elements to facilitate agricultural marketing of livestock in the Commonwealth. Grants for upgrading and developing processing facilities and producer loan programs encourage farmers to expand operations and provide enhanced processing in the state, adding value to the agricultural product. Further grant areas include rotational grazing systems, pasture watering systems, waste management incentives, and a dead animal disposal program. A portion of this initiative funds forage enhancement and education programs, along with specialized personnel and operating expenditures related to oversight of the programs. A Beef Cattle Market Development program, highlighted by a quality certification program for Kentucky cattle, is provided in this initiative.

The Vegetable/Horticulture initiative provides vegetable grower grants on a group cost-share basis to acquire grading, packing, and cooling facilities for wholesale produce sales. This program provides funds to directly enhance the market value of Kentucky vegetables and persuade the state's farmers to participate in alternative crops. Further funding is provided in this initiative for agriculturally specialized personnel and operating needs, along with product promotion, product directories, and statistical analysis.

The Aquaculture initiative provides a cost-share fund for producer groups to acquire the infrastructure needed to develop the aquaculture industry in the Commonwealth. Infrastructure costs, such as small fish processing facilities, a fresh water prawn nursery, cooperatively-owned fish harvesting equipment, and collection points for live hauler sales, are continued in this initiative, with further support for a state aquaculture plan, promotional materials, and on-site farm demonstrations.

A new Farm Safety initiative is also included in the additional General Fund recommendation to provide personnel and operating expenditures of \$75,000 and \$75,000 for fiscal years 1999 and 2000, respectively. A statewide statistical database of farm-related injuries, a central contact center for safety information, and data compilation/reporting will be established in the Department of Agriculture.

The newly established Mexico Joint Trade Office is supported by the additional General Fund recommendation for the Department of Agriculture at \$100,000 for fiscal year 1999 and \$100,000 for fiscal year 2000. As a joint partner in the international office, the Cabinet for Economic Development provides matching funds for the Mexico Trade office.

The Governor's recommended budget provides General Funds of \$16,221,000 for fiscal year 1999 and \$16,667,500 for fiscal year 2000 to maintain current services. Included within these recommendations are funds to continue a number of important initiatives and program enhancements from the 1996-98 biennium such as:

The Youth Tobacco Enforcement initiative, pursuant to KRS 438.330 is funded at an estimated \$500,000 for both fiscal years 1999 and 2000. These General Fund amounts are based on an actual cigarette tax receipts formula; thus are subject to revision. The Department of Agriculture will continue to support the educational mission of this initiative through a cooperative agreement with the Department of Alcohol and Beverage Control, which handles the enforcement aspects.

The increased commitment to Animal Diagnostic Laboratory operations is continued for both Murray State University at \$456,000 and \$456,000 and the University of Kentucky at \$370,000 and \$370,000 for fiscal years 1999 and 2000.

Regional University agriculture programs are provided \$800,000 for both fiscal years 1999 and 2000. As provided in the current services budget, these funds will be equally apportioned among the four universities.

GOVERNMENT OPERATIONS
Military Affairs

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,381,100	12,028,500	12,378,000	10,256,500	10,854,300
Reorganization Adjustment	-321,000				
Mandated Allotments	4,913,000				
Total General Fund	<u>14,973,100</u>	<u>12,028,500</u>	<u>12,378,000</u>	<u>10,256,500</u>	<u>10,854,300</u>
Restricted Agency Funds					
Balance Forward	3,512,500	1,089,500	1,245,500	1,089,500	1,065,000
Current Receipts	9,156,500	10,159,000	10,626,500	10,159,000	10,626,500
Non-Revenue Receipts	-1,912,500	150,000	120,000	150,000	120,000
Total Restricted Agency Funds	<u>10,756,500</u>	<u>11,398,500</u>	<u>11,992,000</u>	<u>11,398,500</u>	<u>11,811,500</u>
Federal Funds					
Current Receipts	34,997,000	9,213,500	9,215,000	8,958,500	8,960,000
Revenue Redistribution		-255,000	-255,000		
Total Federal Funds	<u>34,997,000</u>	<u>8,958,500</u>	<u>8,960,000</u>	<u>8,958,500</u>	<u>8,960,000</u>
TOTAL FUNDS	<u>60,726,600</u>	<u>32,385,500</u>	<u>33,330,000</u>	<u>30,613,500</u>	<u>31,625,800</u>
EXPENDITURES BY CLASS					
Personnel Costs	13,413,000	13,709,500	14,384,500	13,789,600	14,232,500
Operating Expenses	9,758,600	8,879,500	9,117,500	8,635,400	8,954,300
Grants, Loans or Benefits	35,824,500	8,351,000	8,329,500	6,923,500	6,952,000
Debt Service					175,000
Capital Outlay	641,000	200,000	200,000	200,000	200,000
TOTAL EXPENDITURES	<u>59,637,100</u>	<u>31,140,000</u>	<u>32,031,500</u>	<u>29,548,500</u>	<u>30,513,800</u>
EXPENDITURES BY UNIT					
Disaster and Emergency Services	42,887,500	12,882,500	13,111,000	13,075,000	13,376,500
National Guard State Active Duty	663,000				
Air Transportation	1,971,500	1,822,000	1,876,000	1,814,000	1,865,000
Bluegrass Station	3,125,000	3,388,000	3,514,000	3,388,000	3,514,000
General Administration	2,658,100	4,418,000	4,552,000	3,027,500	3,160,500
Materials Management	1,000,000	1,100,000	1,200,000	1,100,000	1,200,000
Property Management	6,780,000	7,529,500	7,778,500	7,449,500	7,691,500
Retroeurope	552,000				
EMPOWER Kentucky General Fund Savings				-305,500	-293,700
TOTAL EXPENDITURES	<u>59,637,100</u>	<u>31,140,000</u>	<u>32,031,500</u>	<u>29,548,500</u>	<u>30,513,800</u>

The Department of Military Affairs is the state agency responsible for all military matters and disaster and emergency service coordination in the Commonwealth. The Governor is constitutional Commander-in-Chief of the forces that are on duty in the state. He appoints the Adjutant General who commands the Kentucky National Guard (Army and Air), and directs and coordinates all programs of the Department.

The Department has the responsibility for organizing, equipping, training, and housing units of the Kentucky National Guard which may be called to duty by the Governor in the event of civil strife or disorder, or the occurrence of natural or man-made disasters.

The Department consists of these organizational units: General Administration and Support, Property Management, Guard Materials Management, Air Transport, Disaster and Emergency Services, and Bluegrass Station.

Policy

Included in the Governor's recommended budget is \$200,000 in fiscal year 1999 and \$300,000 in fiscal year 2000 for Disaster and Emergency Services County Offices.

GOVERNMENT OPERATIONS
Personnel Board

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	486,600	552,500	566,000	513,700	531,700
Restricted Agency Funds					
Balance Forward	10,500	5,600	8,100	5,100	2,600
Current Receipts	2,500	2,500	2,500	2,500	2,500
Total Restricted Agency Funds	13,000	8,100	10,600	7,600	5,100
TOTAL FUNDS	499,600	560,600	576,600	521,300	536,800
EXPENDITURES BY CLASS					
Personnel Costs	425,900	455,500	473,000	441,000	457,000
Operating Expenses	68,600	97,000	93,000	77,700	79,700
TOTAL EXPENDITURES	494,500	552,500	566,000	518,700	536,700
EXPENDITURES BY UNIT					
Personnel Board	494,500	552,500	566,000	519,200	537,300
EMPOWER Kentucky General Fund Savings				-500	-600
TOTAL EXPENDITURES	494,500	552,500	566,000	518,700	536,700

Created by the 1982 General Assembly as a separate state agency through KRS 18A.045, the Personnel Board is composed of seven members, five who are appointed by the Governor and two of whom are classified employees elected by their colleagues. The Board serves in a quasi-judicial capacity and assists the Department of Personnel in the development and amendment of administrative regulations as they pertain to the classified service.

The Personnel Board administers the appeals process of applicants for classified positions and conducts hearings for any classified employee who is dismissed, demoted, suspended or otherwise penalized after completing a probationary period of service and for those unclassified employees who are dismissed, demoted, suspended or otherwise penalized for cause.

Policy

General Fund support in the amount of \$300,000 is recommended in both years of the biennium for wide area network connection costs.

GOVERNMENT OPERATIONS
Local Government

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,042,000	18,948,800	20,635,000	10,213,900	9,749,900
Current Year Appropriation	196,500				
Reorganization Adjustment	102,800				
Total General Fund	<u>6,341,300</u>	<u>18,948,800</u>	<u>20,635,000</u>	<u>10,213,900</u>	<u>9,749,900</u>
Restricted Agency Funds					
Balance Forward	1,493,500	1,275,500	1,290,000	1,430,500	1,445,000
Current Receipts	382,000	384,000	419,000	305,500	340,500
Non-Revenue Receipts	107,500	165,000	165,000	165,000	165,000
Total Restricted Agency Funds	<u>1,983,000</u>	<u>1,824,500</u>	<u>1,874,000</u>	<u>1,901,000</u>	<u>1,950,500</u>
Federal Funds					
Balance Forward	378,000	347,000		347,000	
Current Receipts	38,933,000	38,217,700	38,898,000	38,034,000	38,685,500
Total Federal Funds	<u>39,311,000</u>	<u>38,564,700</u>	<u>38,898,000</u>	<u>38,381,000</u>	<u>38,685,500</u>
TOTAL FUNDS	<u>47,635,300</u>	<u>59,338,000</u>	<u>61,407,000</u>	<u>50,495,900</u>	<u>50,385,900</u>
EXPENDITURES BY CLASS					
Personnel Costs	3,819,800	5,356,500	6,243,500	3,906,400	4,041,400
Operating Expenses	640,500	883,500	728,000	551,500	536,000
Grants, Loans or Benefits	40,952,500	50,725,500	51,079,000	44,562,500	43,816,000
Debt Service	445,000	991,000	1,982,000		478,000
Capital Outlay		91,500	35,000	30,500	20,000
TOTAL EXPENDITURES	<u>45,857,800</u>	<u>58,048,000</u>	<u>60,067,500</u>	<u>49,050,900</u>	<u>48,891,400</u>
EXPENDITURES BY UNIT					
Community Development	37,626,500	47,354,500	47,761,000	40,098,000	40,497,500
Commissioner	1,368,300	3,116,000	4,828,500	2,082,000	1,489,500
Financial Services	866,000	920,000	967,000	914,500	953,500
Kentucky Appalachian Regional Commission	283,500	283,500	283,500	71,000	
Support Services	1,082,500	1,788,000	1,605,500	1,310,500	1,343,500
Training and Area Development District Services	4,631,000	4,586,000	4,622,000	4,580,000	4,613,500
EMPOWER Kentucky General Fund Savings				-5,100	-6,100
TOTAL EXPENDITURES	<u>45,857,800</u>	<u>58,048,000</u>	<u>60,067,500</u>	<u>49,050,900</u>	<u>48,891,400</u>

The Department for Local Government, pursuant to KRS 147A. 002, is an independent agency attached to the Office of the Governor. Its functions and the organizational structure were redefined on October 21, 1997, when Governor Patton signed Executive Order 97-1391. The order streamlined the department's administrative structure so that the agency might advance its goal to become a one-stop center for units of local government in Kentucky. In addition to the Office of the Commissioner, four Divisions were established:

The Division of Community Development administers the agency's grant management functions. The programs assigned to the Division include: Community Development Block Grant-Small Cities Component; Appalachian Regional Commission; Community Rivers and Streams; the Land and Water Conservation Fund and the Kentucky Trails Grant Program.

The Division of Support Services performs those administrative services necessary for the department to function in an efficient manner. The Division has responsibility for personnel administration, payroll, purchasing, financial management and budget preparation for the entire agency. In addition, the Division provides information technology support to the Department and local government units and funds and provides technical assistance to the Local Government Law Center.

The Division of Training and Area Development District (ADD) Services conducts training programs for local governments across the Commonwealth in conjunction with Kentucky's fifteen (15) Area Development Districts. The Division oversees the Joint Funding Administration (JFA) agreement. Through JFA agreement with the federal government, the department annually distributes nearly \$4 million in state and federal funds to the Area Development Districts so that they might provide technical policy and planning assistance to local units of government.

Within the Division of Training and Area Development District services, the Flood Control Advisory Commission performs floodplain management activities and reviews and approves projects for the Flood Control Matching Program. In partnership with federal and local agencies, the matching program lessens flood damage losses by providing structural and nonstructural assistance to Kentucky communities. The Fund ensures that matching funds required by the U.S. Army Corps of Engineers are available for vital projects. Measures undertaken since its inception include floodwalls, levees, high flow diversion channels, evacuation, early warning systems, floodplain mapping and the promotion of nonstructural methods of flood protection.

The Division of Financial Services provides technical assistance on local fiscal matters. The Division is responsible for the management and distribution of the Local Government Economic Assistance Fund, the Local Government Economic Development Fund and the County and Municipal Road Aid Program. It carries out a number of statutory duties including the calculation of maximum compensation for elected officials; the dissemination, collection and compilation of uniform financial information from all cities, counties and special taxing districts; the establishment of the standard chart of accounts; and collection of annual audits and financial statements from all municipalities.

In accordance with Executive Order 96-1376, issued on October 11, 1996, oversight and policy relating to issuance of debt by local governments are now administered by the Department for Local Government. These duties are housed in the Division of Financial Services.

The Commissioner's Office formulates policy that governs the direction of programs administered by the Department. The objectives of the Commissioner's Office include providing integration and control of all departmental programs and administrative concerns, establishing and maintaining a liaison with state and federal agencies that deal with each of Kentucky's 120 counties, 435 cities, 15 Area Development Districts and more than 1,400 special districts.

The Water Resource Development Commission created pursuant to Executive Order 96-1339, issued October 3, 1996 is administered through the Commissioner's Office. It has the responsibility for designing a long-term strategic plan for development for Kentucky's water delivery system. Commission staff will develop a plan by which the Commonwealth will work cooperatively with units of local government to make clean drinking water available to every house in Kentucky by 2020. The plan will be prepared in a collaborative effort with Kentucky's fifteen Area Development Districts, the Public Service Commission, the Natural Resources and Environmental Protection Cabinet, the Kentucky League of Cities, the Kentucky Transportation Cabinet, and the Kentucky Rural Water Association. The master plan will be compiled through utilization of available data in developing a statewide geographic information system base map of available infrastructure.

The Kentucky Appalachian Regional Commission, housed within the Governor's Office, will be supported over the biennium with general funds allocated from the Local Government Economic Development Fund (LGEDF). Kentucky has received a grant from the federal Appalachian Regional Commission for the last two federal fiscal years to support start up costs associated with the Kentucky Appalachian Regional Commission. The \$71,000 budgeted in state fiscal year 1999 is the amount that is projected to remain in the grant at the conclusion of state fiscal year 1998.

Policy

The Governor's recommended budget includes debt service dollars, in the amount of \$478,000 in fiscal year 2000, needed to support the issuance of \$5 million in bonds in fiscal year 1999 to continue the Flood Control Matching Program this biennium.

A current year appropriation, in the amount of \$196,500 is recommended for the remainder of fiscal year 1998 to hire staff required to fully implement the reorganization associated with Executive Order 97-1391. Recurring expenditures associated with the current year appropriation of \$278,500 in fiscal year 1999 and \$291,000 in fiscal year 2000 is included in the Governor's proposed budget. Even with the addition of these positions, however, the Department will not exceed its 1998 budgeted full and part-time cap of 69.

Additional General Funds in the amount of \$1,100,000 in fiscal year 1999 are recommended to underwrite the statewide inventory of water suppliers, treatment and distribution systems. This is the first step in achieving the governor's goal to bring potable water to all Kentuckians by the year 2020. The development of a computer system to hold this data is also accommodated in the recommendation.

The Governor's recommended budget funds the new downtown revitalization program, Renaissance Kentucky. Its goal is to recognize and honor those cities that have maintained or restored their central downtown areas making them safe, vibrant, efficient and functional urban cores. Renaissance will provide support and assistance on development strategies for those cities which want to improve their downtowns. It will complement, not replace, existing downtown redevelopment programs. Two million dollars in each year of the 1998-2000 biennium are included in the recommendation to fund grants for city infrastructure and exterior facade improvements. An additional one million dollars in grants is recommended each year to encourage the placement of underground utilities in cities.

Note: One million dollars in tax credits have been taken into account in the revenue estimate for each year of the biennium. This will accommodate another component of the Renaissance Kentucky Program: Kentucky Historic Tax Credit. This tax credit will encourage the interior renovation of buildings located in downtown areas.

GOVERNMENT OPERATIONS
Local Government - Special Funds

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	61,690,100	77,737,000	84,681,500	59,030,200	65,374,500
Continuing Appropriation	12,213,800			17,882,200	17,882,200
TOTAL FUNDS	73,903,900	77,737,000	84,681,500	76,912,400	83,256,700
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	56,021,700	77,737,000	84,681,500	59,030,200	65,374,500
EXPENDITURES BY UNIT					
Local Government Economic Assistance Fund	30,493,300	30,587,500	30,587,500	31,746,100	33,182,500
Local Government Economic Development Fund	25,528,400	47,149,500	54,094,000	27,284,100	32,192,000
TOTAL EXPENDITURES	56,021,700	77,737,000	84,681,500	59,030,200	65,374,500

The Special Funds program includes: the Local Government Economic Assistance Fund (LGEAF) and the Local Government Economic Development Fund (LGEDF). Under current law, quarterly transfers from coal severance tax revenues for these two programs are made after the annual \$19 million severance tax allocation is credited to the Workers' Compensation Funding Commission.

Policy

The Governor's recommended budget provides that \$1,026,000 in fiscal year 1999 and \$1,664,400 in fiscal year 2000 be set aside from coal severance revenues prior to the LGEAF and LGEDF quarterly allocations. These funds will be used to support the Osteopathic Medicine Scholarship Program. The scholarship program will provide eligible students grants equal to the difference between the prevailing amount charged for in-state tuition at the University of Kentucky and University of Louisville medical schools and tuition at the Osteopathic School of Medicine. Participants must be Kentucky residents and agree to render one year of service as a primary care physician in Kentucky for every year that they receive grants.

Local Government Economic Assistance Fund — Pursuant to KRS 42.450-42.495, the 1980 General Assembly created the Local Government Assistance Fund to return a portion of the coal severance and mineral severance taxes to local governments in areas where the minerals were extracted. These funds are used to strengthen and diversify the communities' economy and to improve the quality of life of their residents. Counties, and cities within those counties, that are involved in the production of coal and/or minerals such as natural gas, oil, stone, etc. are eligible to receive LGEAF payments. Likewise, counties and their cities affected by the transportation of coal are eligible to receive a portion of the returned severance taxes.

The coal severance tax program currently returns funds to 72 counties and approximately 318 cities at the end of each fiscal quarter. Quarterly allocations are made according to such criteria as population, income, the amount and distance coal is transported over local areas, and taxes collected from the county.

The minerals severance tax program currently returns funds to 100 counties and approximately 359 cities at the end of each fiscal quarter. In accordance with Kentucky statute, an amount equal to 50 percent of the taxes collected annually on the sale and processing of minerals, exclusive of coal, is transferred into the LGEAF for subsequent allocation and distribution to local governments. Quarterly payments to counties are determined by the amounts of mineral taxes paid. Distribution to cities is based on relative population.

Current Kentucky law provides that an amount not less than 13 percent of taxes collected on the severance and processing of coal be transferred into the LGEAF for subsequent allocation and distribution to county and city governments. The Governor's recommended budget proposes, however, that the minimum LGEAF allocation be increased to 14 percent. The recommended appropriation is determined using this rate.

Local Government Development Fund — Pursuant to KRS 42.458-42.495, the 1992 General Assembly created the Local Government Economic Development Fund (LGEDF) to return a portion of coal severance tax receipts to coal producing counties through a grant process intended to enhance industrial development. Under this program, funds are allocated quarterly to coal producing counties, but distribution to a county may occur only after approval of a grant application submitted by a county. Fund allocations to counties are made according to such criteria as coal severance taxes paid, surplus labor rate, relative mining earnings and relative mining employment.

The Department for Local Government is responsible for LGEDF financial management, accounting, fund allocation and reporting. The Cabinet for Economic Development reviews and approves the LGEDF grant applications and oversees those projects.

Currently, 18 percent of coal severance tax receipts are transferred to LGEDF. The Governor's recommended budget proposes that the LGEDF allocation be increased to 21 percent in fiscal year 1999 and 24 percent in fiscal year 2000.

The 1994 General Assembly created the Kentucky Wood Products Development Fund (KWPDF) which currently receives five percent of the LGEDF. The fiscal year 1998 KWPDF budget provided \$200,000 to fund the East Kentucky Corporation and \$150,000 to underwrite the cost of the West Kentucky Corporation. Both entities are housed within the Cabinet for Economic Development. The Governor's recommended budget proposes, rather than the five percent share, the KWPDF be allotted a fixed \$916,300 in each year of the biennium prior to the allocation to the counties. The proposed budget also allots \$450,000 and \$350,000 respectively to the East Kentucky and West Kentucky Corporation in each year of the biennium directly from the LGEDF prior to the county distribution.

Additionally, the Governor's recommended budget proposes that prior to the county allocations, \$325,000 in fiscal year 1999 and \$320,000 in fiscal year 2000 be transferred to the Coal County Development Office from the LGEDF. The recommendation includes \$510,000 in fiscal year 1999 and \$525,000 in fiscal year 2000 for transfer to the Appalachian Regional Commission, housed in the Governor's Office, prior to county allocations.

Note: Since payments from the LGEAF and LGEDF funds to local governments are paid on a quarterly basis after collection of the taxes, fiscal year 1999 allocations include one quarterly payment from the last three months of fiscal year 1998 collections and three payments from collections made during the first nine months of fiscal year 1999. This process continues in fiscal year 2000 with that year including a payment from the last three months of fiscal year 1999 collections and three payments from the collections made during first nine months of fiscal year 2000.

Notwithstanding KRS 42.350, no provision is made for the Area Development Fund in the Governor's recommended budget.

Fiscal year 1998 expenditures are expected to be less than appropriated due to the January, 1998 revision of the coal severance tax estimate.

The amounts reflected in the Governor's recommended budget for the LGEAF and the LGEDF are calculated using January, 1998 revenue estimates and the Governor's proposed rate and transfer policy (see chart on following page).

**Governor's Budget Recommendation
Severance Tax Dedicated Programs**

SOURCE OF FUNDS	Current FY 1998	Recommended FY 1999	Recommended FY 2000
Revenue Estimate: 1/98 Forecast			
Coal Severance Tax			
Coal Severance Tax	\$159,700,000	\$161,400,000	\$167,400,000
Less: Workers' Comp Set Aside	\$(19,000,000)	\$(19,000,000)	\$(19,000,000)
Less: Osteopathic Medicine Scholarship Program		\$ (1,026,000)	\$ (1,664,400)
Total coal severance tax resources to be distributed	\$140,700,000	\$141,374,000	\$146,735,600
Other Mineral Severance Taxes			
Minerals Severance	\$11,124,100	\$11,850,000	\$12,623,000
Natural Gas Severance	\$10,005,000	\$10,418,000	\$10,848,000
Oil Production	\$ 2,827,000	\$ 2,624,000	\$ 2,437,000
Total other mineral severance revenue to be distributed	\$23,956,100	\$24,892,000	\$25,908,000

Local Government Economic Assistance Fund (LGEAF) Transfers and Distribution

Resources:			
Additional severance revenue (50% of remaining amounts revenues)	\$11,978,000	\$12,446,000	\$12,954,000
Coal severance (13%/14%/14% of amounts remaining to be distributed)	\$18,291,000	\$19,792,400	\$20,543,000
Total LGEAF	\$30,269,000	\$32,238,400	\$33,497,000
Distribution to localities after quarter lag	\$30,493,300	\$31,746,100	\$33,182,500

Local Government Economic Development Fund (LGEDF) Transfers and Distribution

Resources:			
Coal Severance (18%/21%/24% of amounts remaining to be distributed)	\$25,326,000	\$29,688,500	\$35,216,500
Less: Wood Products Corp.*	\$(1,266,300)	\$ (916,300)	\$ (916,300)
Less: East Kentucky Corp.		\$ (450,000)	\$ (450,000)
Less: West Kentucky Corp.		\$ (350,000)	\$ (350,000)
Less: Coal County Development Office		\$ (325,000)	\$ (320,000)
Less: Appalachian Regional Commission		\$ (510,000)	\$ (525,000)
Total LGEDF	\$24,059,700	\$27,137,200	\$32,655,200
Distribution to localities after quarter lag	\$24,262,100	\$26,367,800	\$31,275,700

*Wood Products FY 1998 Distribution
Wood Products Transfer \$1,266,300
Less: East Kentucky Corp. (200,000)
Less: West Kentucky Corp. (150,000)
Available to Wood Products \$ 916,300

GOVERNMENT OPERATIONS
Commission on Human Rights

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,853,200	2,056,000	2,142,500	1,905,400	1,962,400
Restricted Agency Funds					
Balance Forward	133,000	124,500	124,500	110,500	110,500
Current Receipts		8,500	8,500	8,500	8,500
Non-Revenue Receipts	66,000				
Total Restricted Agency Funds	199,000	133,000	133,000	119,000	119,000
Federal Funds					
Balance Forward	196,500	173,500	173,500		
Current Receipts	166,500	189,500	189,500	189,500	189,500
Revenue Redistribution	-253,500				
Total Federal Funds	109,500	363,000	363,000	189,500	189,500
TOTAL FUNDS	2,161,700	2,552,000	2,638,500	2,213,900	2,270,900
EXPENDITURES BY CLASS					
Personnel Costs	1,538,000	1,785,000	1,861,000	1,735,000	1,809,000
Operating Expenses	513,200	469,000	479,500	368,400	351,400
TOTAL EXPENDITURES	2,051,200	2,254,000	2,340,500	2,103,400	2,160,400
EXPENDITURES BY UNIT					
Human Rights	2,051,200	2,254,000	2,340,500	2,106,500	2,164,000
EMPOWER Kentucky General Fund Savings				-3,100	-3,600
TOTAL EXPENDITURES	2,051,200	2,254,000	2,340,500	2,103,400	2,160,400

The Kentucky Commission on Human Rights, pursuant to KRS Chapter 344, investigates complaints of discrimination in the areas of employment, housing, public accommodation and credit based on race, religion, national origin, age, disability, familial status, sex, and smoking status. The Commission also endeavors to foster mutual understanding and respect through education, technical assistance, and report writing. The Commission is divided into four service units including General Administration and Support, Enforcement, Research and Information, and Legal Services.

General Administration and Support performs personnel and fiscal activities and serves as a liaison with the Governor's Office and legislators as well as other agencies in state government. The development of internal policy directives and legislative initiatives are also functions of this unit.

The Enforcement Branch consists of two sections: Employment and Housing. Employees assigned to these sections investigate complaints of discrimination filed in the areas of employment, housing, public accommodation, and credit transactions.

The Research and Information Branch provides technical assistance and education throughout the state to local citizen groups, employers, public accommodations staff, educational institutions, local human rights commissions, and government officials. The staff conducts seminars and workshops on such topics as sexual harassment, the Kentucky Civil Rights Act, cultural diversity, and the Americans with Disabilities Act.

The Legal Services Branch provides legal advice to inquiries, sworn complaints, and file closures. The legal staff takes depositions of witnesses, prepares legal briefs, and appeals.

GOVERNMENT OPERATIONS
Commission on Women

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	174,200	246,500	254,000	246,100	253,600
Current Year Appropriation	65,000				
Total General Fund	<u>239,200</u>	<u>246,500</u>	<u>254,000</u>	<u>246,100</u>	<u>253,600</u>
Restricted Agency Funds					
Balance Forward	500	500	500	500	500
Federal Funds					
Balance Forward	4,500				
TOTAL FUNDS	<u>244,200</u>	<u>247,000</u>	<u>254,500</u>	<u>246,600</u>	<u>254,100</u>
EXPENDITURES BY CLASS					
Personnel Costs	169,000	177,500	186,500	177,500	186,500
Operating Expenses	74,700	69,000	67,500	68,600	67,100
TOTAL EXPENDITURES	<u>243,700</u>	<u>246,500</u>	<u>254,000</u>	<u>246,100</u>	<u>253,600</u>
EXPENDITURES BY UNIT					
Commission on Women	243,700	246,500	254,000	246,500	254,000
EMPOWER Kentucky General Fund Savings				-400	-400
TOTAL EXPENDITURES	<u>243,700</u>	<u>246,500</u>	<u>254,000</u>	<u>246,100</u>	<u>253,600</u>

The Commission on Women serves in an advisory capacity to state agencies, the Governor, the Legislature, and the private sector. It supports research on issues of interest to women, such as health care, spouse abuse, employment, and economic issues as well as sends mailings and newsletters to various organizations to promote women's interests.

Policy

The Governor's recommended budget includes a current year appropriation of \$65,000 in fiscal year 1998 to address budgetary shortfalls experienced in prior fiscal years.

GOVERNMENT OPERATIONS
Kentucky Retirement Systems

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
Restricted Agency Funds					
Non-Revenue Receipts	11,565,000	14,815,000	15,508,500	14,386,000	15,418,500
EXPENDITURES BY CLASS					
Personnel Costs	10,049,500	12,043,500	13,586,000	11,985,500	13,506,000
Operating Expenses	1,280,500	1,665,500	1,508,000	2,048,500	1,735,500
Capital Outlay	235,000	1,106,000	414,500	352,000	177,000
TOTAL EXPENDITURES	11,565,000	14,815,000	15,508,500	14,386,000	15,418,500

The Kentucky Retirement Systems, which includes the Kentucky Employees Retirement System, the County Employees Retirement System, and the State Police Retirement System is administered by a nine-member Board of Trustees composed of the Secretary of Personnel, five trustees elected by the members of the three Retirement Systems, and three trustees appointed by the Governor of the Commonwealth.

Established by the 1956 General Assembly, the Kentucky Employees Retirement System (KERS) provides retirement benefits for officers and employees of the various departments and agencies of state government.

The County Employees Retirement System (CERS), established by the 1958 General Assembly, provides retirement benefits for elected officials of county fiscal courts and other employees of county government.

The State Police Retirement System (SPRS), created by the 1958 General Assembly, provides retirement benefits for all full-time officers of the Kentucky State Police who are appointed pursuant to KRS 16.050.

Policy

The Governor's recommended budget includes additional restricted funds of \$175,500 in fiscal year 1999 and \$346,500 in fiscal year 2000 are provided for 16 additional staff to address expanding workload demands.

GOVERNMENT OPERATIONS
KentuckyKare Health Insurance Authority

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
Restricted Agency Funds					
Balance Forward	82,500	31,500		31,500	
Current Receipts	813,000	982,000	1,054,000	971,500	1,042,500
TOTAL FUNDS	895,500	1,013,500	1,054,000	1,003,000	1,042,500
EXPENDITURES BY CLASS					
Personnel Costs	716,000	888,500	925,500	879,000	915,500
Operating Expenses	123,000	99,000	102,000	99,000	102,000
Capital Outlay	25,000	26,000	26,500	25,000	25,000
TOTAL EXPENDITURES	864,000	1,013,500	1,054,000	1,003,000	1,042,500

The Kentucky Kare Health Insurance Authority was created in April, 1997 through Executive Orders 97-146 and 97-238. Attached to the Finance and Administration Cabinet for administrative purposes and governed by an eight-member Board of Directors, the Authority's purpose is to administer the Commonwealth's self-funded Kentucky Kare insurance plans for all eligible participants. Originally authorized by the 1988 General Assembly to insure "state employees" - active state employees, local school district employees, local health department employees, and state retirees under age 65 - the 1994 General Assembly broadened eligibility for inclusion in Kentucky Kare to any branch or agency of municipal county government. At the same time, the health insurance reforms enacted during 1994 allowed any citizen of the Commonwealth to participate as a state employee for health insurance purposes; this eligibility was broadened again in 1996 to allow small group coverage when Kentucky Kare became a participant in the Kentucky Health Care Purchasing Alliance.

Policy

The Governor's recommended budget includes additional restricted funds in the amount of \$97,500 in fiscal year 1999 and \$102,500 in fiscal year 2000 to underwrite costs associated with two additional staff.

GOVERNMENT OPERATIONS
Registry of Election Finance

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,331,300	5,068,500	4,127,000	5,009,600	4,074,000
Restricted Agency Funds					
Balance Forward	227,000	327,000		327,000	
Current Receipts	100,000	30,000		30,000	
Total Restricted Agency Funds	<u>327,000</u>	<u>357,000</u>		<u>357,000</u>	
TOTAL FUNDS	<u>1,658,300</u>	<u>5,425,500</u>	<u>4,127,000</u>	<u>5,366,600</u>	<u>4,074,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	904,300	939,000	984,500	936,100	981,000
Operating Expenses	427,000	4,456,500	3,111,000	4,430,500	3,093,000
Capital Outlay		30,000	31,500		
TOTAL EXPENDITURES	<u>1,331,300</u>	<u>5,425,500</u>	<u>4,127,000</u>	<u>5,366,600</u>	<u>4,074,000</u>
EXPENDITURES BY UNIT					
General Administration and Support	1,331,300	1,427,500	1,462,000	1,371,500	1,412,500
Election Campaign Fund		3,998,000	2,665,000	3,998,000	2,665,000
EMPOWER Kentucky General Fund Savings				-2,900	-3,500
TOTAL EXPENDITURES	<u>1,331,300</u>	<u>5,425,500</u>	<u>4,127,000</u>	<u>5,366,600</u>	<u>4,074,000</u>

The primary role of the Registry of Election Finance is to assure the citizens of the Commonwealth of the integrity of the electoral process by making certain there is full public access to campaign financial data and financial disclosure reports and by administering the statutes pertaining to political campaigns and election financing. The Registry consists of two programs: General Administration and Support and the Election Campaign Fund.

The General Administration and Support program notifies all interested parties of the statutory requirements for reporting information pertinent to election campaign financing on a timely basis, and monitors this information for accuracy. Its second responsibility is to maintain an information retrieval system whereby information is made accessible to the public and publish a summary of election financial transactions.

As part of campaign finance reform, a program of partial public financing was established (KRS 121A.030) through which a participating slate of candidates for Governor and Lieutenant Governor may obtain matching funds based on a threshold amount generated through qualifying contributions. The laws also require that a slate which intends to accept public funds must agree to abide by a maximum expenditure limit of \$1.8 million for each election which shall increase or decrease in accordance with the consumer price index for all urban workers, and the Registry shall make that adjustment in a year in which a Governor and Lieutenant Governor are elected not later than the filing deadline for the primary election. Also, if no candidate receives 40 percent of the total votes cast in his party's primary, a runoff primary must be conducted 35 days following the date of the primary election.

GOVERNMENT OPERATIONS
Boards and Commissions

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
Restricted Agency Funds					
Balance Forward	14,937,000	13,790,200	14,023,900	13,793,300	14,166,300
Current Receipts	10,018,900	12,580,200	10,843,500	12,580,500	10,843,500
Non-Revenue Receipts	69,000	55,000	55,000	55,000	55,000
TOTAL FUNDS	25,024,900	26,425,400	24,922,400	26,428,800	25,064,800
EXPENDITURES BY CLASS					
Personnel Costs	7,550,300	8,435,000	8,870,500	8,355,500	8,753,000
Operating Expenses	2,781,500	3,347,500	3,395,000	3,312,000	3,380,500
Grants, Loans or Benefits	648,000	580,000	500,000	580,000	500,000
Capital Outlay	251,800	62,500	16,500	15,000	8,000
TOTAL EXPENDITURES	11,231,600	12,425,000	12,782,000	12,262,500	12,641,500
EXPENDITURES BY UNIT					
Accountancy	502,800	565,000	567,000	555,500	561,500
Alcohol and Drug Counselors	56,800	58,500	60,000	76,000	77,500
Architects	156,600	162,500	202,500	162,500	202,500
Art Therapists	6,400	6,500	7,000	6,500	7,000
Athletic Commission	62,100	60,500	66,500	60,500	66,500
Auctioneers	254,000	259,500	268,500	259,500	268,500
Barbering	201,000	215,000	222,500	215,000	222,500
Chiropractic Examiners	129,500	135,000	142,500	132,000	139,500
Dentistry	320,400	343,000	364,500	343,000	364,500
Dietitians and Nutritionists	27,100	23,500	24,500	36,500	37,500
Engineers	847,800	1,006,000	1,043,500	998,000	1,033,000
Embalmers and Funeral Directors	141,200	184,500	186,500	161,500	170,500
Geologists	68,500	61,500	68,000	59,000	60,500
Hairdressers and Cosmetologists	740,800	935,500	879,000	891,500	876,000
Hearing Instrument Specialists	25,500	29,000	32,000	28,000	29,500
Landscape Architects	29,300	43,000	44,500	45,000	47,000
Marriage and Family Therapists	39,500	21,000	22,000	21,000	22,000
Medical Licensure	1,659,200	1,621,500	1,689,000	1,604,000	1,669,500
Nursing	2,389,800	2,743,000	2,767,000	2,720,000	2,739,000
Nursing Home Administrators	50,700	73,000	80,500	54,500	57,500
Occupational Therapy	25,300	28,500	31,500	40,000	41,500
Ophthalmic Dispensers	20,800	20,000	21,500	26,000	27,000
Optometric Examiners	101,100	129,500	135,500	129,500	135,500
Pharmacy	572,300	624,000	652,000	594,500	621,000
Physical Therapy	163,200	252,500	258,500	249,500	255,000
Podiatry	9,300	9,500	9,500	9,500	9,500

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
Professional Counselors	13,000	12,000	14,000	12,000	14,000
Psychology	142,400	178,000	190,500	171,000	186,000
Real Estate Appraisers	312,100	364,500	377,500	357,000	370,000
Real Estate Commission	1,887,700	1,980,000	2,048,000	1,969,000	2,043,000
Respiratory Care	67,200	55,000	60,500	58,000	58,500
Social Workers	96,600	85,000	94,000	74,000	76,500
Speech Pathologists	44,400	53,000	56,500	60,500	62,000
Veterinary Examiners	67,200	86,500	95,000	82,500	90,000
TOTAL EXPENDITURES	11,231,600	12,425,000	12,782,000	12,262,500	12,641,500

The 34 Occupational and Professional Licensing and Regulatory Boards and Commissions were created to safeguard the life, health, safety, and welfare of the people of the Commonwealth who avail themselves of the services licensed or regulated by the Boards. Appointed by the Governor, board members represent both industry and consumer interests.

The general objectives of the Boards and Commissions are: to examine and license all qualified applicants; to enforce the professional standards and regulations of the Boards as well as the statutes against unethical or illegal practices; to ensure compliance with licensure requirements; and to administer the programs of the Boards in an efficient manner. The Boards will operate solely from agency receipts to fulfill these objectives.

Policy

Several Boards and Commissions attached for administrative purposes to the Division of Occupations and Professions, Finance and Administration Cabinet, have higher recommendations than requested figures for fiscal years 1999 and 2000. The Governor's recommended budget reflects an adjusted administrative fee charged to the boards assessed by the Division after the budget requests were submitted.

The Governor's recommended budget includes additional funds for the following Boards:

Hairdressers and Cosmetologists - \$28,000 in fiscal year 1999 and \$30,000 in fiscal year 2000 to hire two additional Cosmetology Inspectors.

Medical Licensure - \$71,500 in fiscal year 1999 and \$75,500 in fiscal year 2000 to hire one medical inspector and one administrative support person.

Nursing - \$23,500 in fiscal year 1999 and \$24,500 in fiscal year 2000 to hire one administrative support person.

Real Estate Commission - \$81,500 in fiscal year 1999 and \$87,000 in fiscal year 2000 to hire one attorney and one administrative support person; \$10,000 in fiscal year 1999 for new furniture.

GOVERNMENT OPERATIONS
Governmental Services Center

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		459,500	464,500		
Restricted Agency Funds					
Balance Forward	518,000	465,000	478,000	465,300	328,300
Current Receipts	1,200,000	1,300,000	1,300,000	1,100,000	1,100,000
Total Restricted Agency Funds	<u>1,718,000</u>	<u>1,765,000</u>	<u>1,778,000</u>	<u>1,565,300</u>	<u>1,428,300</u>
TOTAL FUNDS	<u>1,718,000</u>	<u>2,224,500</u>	<u>2,242,500</u>	<u>1,565,300</u>	<u>1,428,300</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,000,000	1,225,500	1,328,500	914,000	963,000
Operating Expenses	232,500	397,000	431,000	296,000	305,000
Capital Outlay	20,200	124,000	180,500	27,000	8,000
TOTAL EXPENDITURES	<u>1,252,700</u>	<u>1,746,500</u>	<u>1,940,000</u>	<u>1,237,000</u>	<u>1,276,000</u>

The Governmental Services Center, established by KRS 164.357, is responsible for the development, coordinating, content, approval, and implementation of all training, employee development, and related programs for state government.

The Office designs and implements career development programs for state government's managerial, professional, technical, and clerical employees and provides job-related training in management, data processing, technical, and clerical subjects.

Policy

The current receipts recommendation assumes a billing rate of no more than \$16.44 per employee and \$94.24 per manager.

GOVERNMENT OPERATIONS
Executive Branch Ethics Commission

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	258,300	330,000	339,500	270,700	281,400
Restricted Agency Funds					
Balance Forward	7,000	7,000	7,000	7,000	4,000
TOTAL FUNDS	<u>265,300</u>	<u>337,000</u>	<u>346,500</u>	<u>277,700</u>	<u>285,400</u>
EXPENDITURES BY CLASS					
Personnel Costs	216,800	278,000	286,000	231,200	241,000
Operating Expenses	41,500	45,500	47,000	42,500	43,400
Capital Outlay		6,500	6,500		
TOTAL EXPENDITURES	<u>258,300</u>	<u>330,000</u>	<u>339,500</u>	<u>273,700</u>	<u>284,400</u>
EXPENDITURES BY UNIT					
Executive Branch Ethics Commission	258,300	330,000	339,500	274,200	285,000
EMPOWER Kentucky General Fund Savings				-500	-600
TOTAL EXPENDITURES	<u>258,300</u>	<u>330,000</u>	<u>339,500</u>	<u>273,700</u>	<u>284,400</u>

The Executive Branch Ethics Commission, established by Senate Bill 63 in the 1992 Regular Session of the General Assembly and operating under KRS 11A, is responsible for reviewing the personal financial status of the constitutional officers and major management personnel in state government to prevent conflicts of interest in state government. The Commission will also investigate any alleged violation of KRS 11A.

GOVERNMENT OPERATIONS
Appropriations Not Otherwise Classified

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,846,500	4,463,500	4,503,500	4,463,500	4,503,500
Mandated Allotments	733,000				
TOTAL FUNDS	4,579,500	4,463,500	4,503,500	4,463,500	4,503,500
EXPENDITURES BY CLASS					
Personnel Costs	2,674,000	2,756,000	2,796,000	2,756,000	2,796,000
Operating Expenses	1,903,000	1,705,000	1,705,000	1,705,000	1,705,000
Grants, Loans or Benefits	2,500	2,500	2,500	2,500	2,500
TOTAL EXPENDITURES	4,579,500	4,463,500	4,503,500	4,463,500	4,503,500
EXPENDITURES BY UNIT					
Attorney General Expense	150,000	150,000	150,000	150,000	150,000
Board Of Claims Awards	300,000	300,000	300,000	300,000	300,000
Guardian Ad Litem	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Prior Year Claims	400,000	400,000	400,000	400,000	400,000
Unredeemed Checks Refunded	300,000	300,000	300,000	300,000	300,000
Involuntary Commitments- ICF/MR	60,000	60,000	60,000	60,000	60,000
Blanket Employee Bonds	200,000				
Frankfort In Lieu of Taxes	195,000	195,000	195,000	195,000	195,000
Frankfort Cemetery	2,500	2,500	2,500	2,500	2,500
Police and Fireman Life Insurance	300,000	300,000	300,000	300,000	300,000
Master Commissioners Retirement	240,000	260,000	280,000	260,000	280,000
Master Commissioners Social Security	149,000	161,000	166,000	161,000	166,000
Workers Compensation	225,000	275,000	290,000	275,000	290,000
Medical Malpractice Liability Insurance Reimbursements	58,000	60,000	60,000	60,000	60,000
TOTAL EXPENDITURES	4,579,500	4,463,500	4,503,500	4,463,500	4,503,500

Appropriations Not Otherwise Classified (ANOC) is a grouping of appropriations not related to particular programs; however, each item within this category has been given program status so that expenditures can be budgeted and accounted for separately. It includes such items as court judgments assessed against the Commonwealth and prior year claims for legal obligations of the Commonwealth. Any expenditures over the above amounts that are required to pay the costs of items included within this classification are to be paid from the General Fund Surplus account as a Necessary Government Expense.

Although separate budget presentations are included elsewhere for the Judiciary and the Unified Prosecutorial System, the ANOC category will still include the employer's share of social security, retirement and workers' compensation costs for master commissioners, and workers' compensation costs for county court clerks, sheriffs, and jailers in counties having a population of 70,000 or more.

GOVERNMENT OPERATIONS
Appropriations Not Otherwise Classified
Judgments

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,000,000	20,000,000	25,000,000	10,000,000	
Mandated Allotments	240,858,000				
TOTAL FUNDS	<u>245,858,000</u>	<u>20,000,000</u>	<u>25,000,000</u>	<u>10,000,000</u>	
EXPENDITURES BY CLASS					
Operating Expenses	245,858,000	20,000,000	25,000,000	10,000,000	
EXPENDITURES BY UNIT					
Judgments - Unspecified	5,000,000	20,000,000	25,000,000	10,000,000	
Federal Pension Tax Refunds	14,000				
Peabody Coal Tax Refunds	2,290,000				
ARMCO Inc. Tax Refunds	3,788,000				
GTE - Unitary	35,000,000				
St. Ledger Bank Shares	183,000,000				
Thornton Gasohol	16,766,000				
TOTAL EXPENDITURES	<u>245,858,000</u>	<u>20,000,000</u>	<u>25,000,000</u>	<u>10,000,000</u>	

The revised fiscal year 1998 appropriation includes individual contingent liabilities and judgments identified by the Office of the Controller in the Finance and Administration Cabinet. These appropriations shall not lapse but be carried forward into the 1998-2000 biennium. In addition, there is also reserved \$10 million of judgment appropriations in fiscal year 1999, with continuing appropriation authority into fiscal year 2000 should the full amount not be expended. Notwithstanding any other statute to the contrary, it is also recommended that, should any other Appropriations Not Otherwise Classified account have an insufficient appropriation in fiscal biennium 1998-2000, this account shall be used before any allocations are made from either the General Fund Surplus or the Budget Reserve Trust Fund. Any additional judgments or contingent liabilities for fiscal biennium 1998-2000, beyond the amount recommended, will be accommodated through the General Fund Surplus Account (unappropriated surplus) or the Budget Reserve Trust Fund, if necessary.

GOVERNMENT OPERATIONS
Kentucky Veterans' Center

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,170,000	6,164,500	6,354,500	5,618,300	5,909,400
Restricted Agency Funds					
Balance Forward	3,547,500	3,046,000	1,807,000	3,046,000	1,807,000
Current Receipts	9,346,000	9,438,000	9,525,000	9,438,000	9,525,000
Total Restricted Agency Funds	12,893,500	12,484,000	11,332,000	12,484,000	11,332,000
TOTAL FUNDS	19,063,500	18,648,500	17,686,500	18,102,300	17,241,400
EXPENDITURES BY CLASS					
Personnel Costs	12,624,500	13,584,500	14,292,000	13,203,100	13,836,000
Operating Expenses	3,066,000	3,157,000	3,267,000	2,820,700	3,082,400
Grants, Loans or Benefits				171,500	195,500
Debt Service	227,000				
Capital Outlay	100,000	100,000	100,000	100,000	100,000
TOTAL EXPENDITURES	16,017,500	16,841,500	17,659,000	16,295,300	17,213,900
EXPENDITURES BY UNIT					
Kentucky Veterans' Center	16,017,500	16,841,500	17,659,000	16,708,500	17,497,500
EMPOWER Kentucky General Fund Savings				-413,200	-283,600
TOTAL EXPENDITURES	16,017,500	16,841,500	17,659,000	16,295,300	17,213,900

The Kentucky Veterans' Center, located at Wilmore in Jessamine County, is a 300-bed long-term care facility specifically for Kentucky's elderly veteran population. There is an in-house pharmacy, physical therapy department, barber shop, gift shop, library, and an employee child care facility. The facility officially opened in July, 1991 and began accepting residents soon after. As of September, 1995, the facility is at full operating capacity (290 residents).

GOVERNMENT OPERATIONS
Budget Reserve Trust Fund

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Continuing Appropriation	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000

Policy

The Governor's recommended budget includes a General Fund appropriation to the Budget Trust Fund of \$200,000,000 in fiscal years 1998, 1999, and 2000. These funds are appropriated and available in the event that actual General Fund revenue receipts during fiscal year 1998 and/or the upcoming biennium are not sufficient to meet the General Fund appropriation levels authorized in the budget.

In the event that these appropriations are not required, i.e., revenue receipts meet or exceed the revenue estimates for the current fiscal year, the \$200,000,000 would be available in the Fund on June 30, 1998, and carried forward into the 1998-2000 biennium. It is not an additional \$200,000,000 each year.

Two hundred million dollars is approximately 3.4 percent of estimated General Fund revenue receipts in fiscal year 1998.

ECONOMIC DEVELOPMENT

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	64,400,100	16,863,500	18,174,000	13,177,000	15,783,000
Continuing Appropriation	10,222,600	9,792,500	9,356,500	9,792,500	9,356,000
Total General Fund	74,622,700	26,656,000	27,530,500	22,969,500	25,139,000
Restricted Agency Funds					
Balance Forward	1,216,000	932,500	98,000	932,500	100,000
Current Receipts	1,451,000	1,370,000	1,370,000	1,577,000	1,424,000
Non-Revenue Receipts	495,000	777,000	1,004,000	1,062,000	1,289,000
Total Restricted Agency Funds	3,162,000	3,079,500	2,472,000	3,571,500	2,813,000
Federal Funds					
Balance Forward	33,500	25,500	6,500	25,500	6,500
Current Receipts	310,000	160,000	160,000	160,000	160,000
Total Federal Funds	343,500	185,500	166,500	185,500	166,500
TOTAL FUNDS	78,128,200	29,921,000	30,169,000	26,726,500	28,118,500
EXPENDITURES BY CLASS					
Personnel Costs	7,933,100	9,714,500	10,138,000	9,174,000	9,481,500
Operating Expenses	1,748,000	2,209,500	2,277,500	2,044,000	2,011,000
Grants, Loans or Benefits	5,881,600	7,472,000	8,197,500	5,973,000	8,330,000
Debt Service	51,815,000	991,000	1,982,000		666,000
Capital Outlay		73,000		73,000	
TOTAL EXPENDITURES	67,377,700	20,460,000	22,595,000	17,264,000	20,488,500
EXPENDITURES BY UNIT					
Secretary	2,057,200	2,518,000	2,555,000	3,483,000	4,491,000
Administration	1,982,900	2,183,500	2,274,000	2,153,000	2,231,000
Job Development	2,051,000	2,951,500	2,880,000	2,333,000	2,413,000
Financial Incentives	5,710,300	7,405,500	8,234,000	6,206,000	7,479,000
Debt Service	51,815,000	991,000	1,982,000		666,000
Community Development	3,761,300	4,410,500	4,670,000	3,089,000	3,208,500
TOTAL EXPENDITURES	67,377,700	20,460,000	22,595,000	17,264,000	20,488,500

The structure of the Cabinet for Economic Development is consistent with House Bill 89, KRS 154, as enacted by the 1992 General Assembly.

The governing body of the Cabinet, the Kentucky Economic Development Partnership, consists of 11 voting members and two non-voting members. The 11 voting members are the Governor, who shall be chairman, the Secretary of the Finance and Administration Cabinet, the Secretary of the Natural Resources and Environmental Protection Cabinet, and eight private sector members representing all facets of the economic development community, who are appointed by the Governor. The Secretary of the Cabinet for Economic Development, nominated and appointed by the Governor, and the Secretary of the Tourism Development Cabinet serve as nonvoting members.

The Mission Statement and the Goals for the Commonwealth's economic development programs as defined by the Partnership's Statewide Strategic Plan for Economic Development are as follows:

To Create More and Higher Quality Opportunities for all Kentuckians by Building an Expanding Sustainable Economy

The five goals are:

- 1) Build and maintain consensus to implement the mission. The economic development strategic plan must be accepted and internalized by all segments of the Commonwealth to succeed.
- 2) Reduce unemployment and increase per capita income. Economic development should emphasize the welfare of all the citizens of the Commonwealth, and an important part of the welfare is a good job and the ability to support one's family.
- 3) Create a globally competitive business environment. Kentucky must be an active participant in the developing world economy.
- 4) Manage resources to maximize return on investment. Investments in economic development must be made in the most efficient and effective manner possible for the plan to have an impact.
- 5) Manage Kentucky's natural resources and cultural assets to ensure long-term productivity and quality of life. Economic development extends to all segments of the economy, including agriculture, tourism, and natural resource based industries.

The primary functions of the Cabinet shall be organized into five major areas: Office of the Secretary, Job Development, Financial Incentives, Administration and Support Services, and Community Development.

ECONOMIC DEVELOPMENT
Secretary

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,707,200	2,168,000	2,205,000	3,483,000	4,491,000
Restricted Agency Funds					
Non-Revenue Receipts	350,000	350,000	350,000		
TOTAL FUNDS	<u>2,057,200</u>	<u>2,518,000</u>	<u>2,555,000</u>	<u>3,483,000</u>	<u>4,491,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,023,200	1,400,000	1,448,000	1,378,000	1,405,000
Operating Expenses	234,000	298,000	307,000	285,000	286,000
Grants, Loans or Benefits	800,000	800,000	800,000	1,800,000	2,800,000
Capital Outlay		20,000		20,000	
TOTAL EXPENDITURES	<u>2,057,200</u>	<u>2,518,000</u>	<u>2,555,000</u>	<u>3,483,000</u>	<u>4,491,000</u>
EXPENDITURES BY UNIT					
Secretary	2,057,200	2,518,000	2,555,000	3,510,300	4,544,000
EMPOWER Kentucky General Fund Savings				-27,300	-53,000
TOTAL EXPENDITURES	<u>2,057,200</u>	<u>2,518,000</u>	<u>2,555,000</u>	<u>3,483,000</u>	<u>4,491,000</u>

The Secretary's Office provides the central coordination and administrative direction for planning and management of the programs and entities within the Cabinet. The Office is responsible for developing plans to assure orderly growth and improved management, to recommend executive actions and legislative measures, and to evaluate budget requests. Funding for the Cabinet's advertising and marketing program is included in this program area.

Policy

Included in the Governor's recommended budget is \$1,000,000 in fiscal year 1999 and \$2,000,000 in fiscal year 2000 for the United Parcel Service Workers Campus.

The Kentucky Economic Development Partnership Board passed Resolution 97-1 creating within the Office of the Secretary an Office of Coal County Development. The Office of Coal County Development shall promote the Local Government Economic Development program for the purpose of identifying eligible counties for specific projects that enable the counties to provide infrastructure to incoming and expanding business and industry. This is an effort to help diversify the local economies beyond the coal mining industry by creating an environment more conducive to business activity. The Governor recommends funding in the amount of \$325,000 in fiscal year 1999 and \$320,000 in fiscal year 2000 for the Coal County Development Office.

The Governor recommends the East Kentucky Corporation receive a grant in the amount of \$450,000 in each year of fiscal biennium 1998-2000. Also, the Governor recommends the West Kentucky Corporation receive \$350,000 in each year of fiscal biennium 1998-2000. This represents the same level of funding as provided to these entities during fiscal biennium 1996-98. Although appropriated in Economic Development as General Funds, the funding for the East and West Kentucky Corporations and the Coal County Development Office will originate from the Local Government Economic Development Fund prior to any other statutory distributions notwithstanding any statute to the contrary.

The Governor also recommends an increase to the Advertising Budget in the amount of \$100,000 in each year of fiscal biennium 1998-2000. This will bring the total advertising budget in the Economic Development Cabinet to \$500,000 per year.

**ECONOMIC DEVELOPMENT
Administration**

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,763,900	1,929,500	2,000,500	1,899,000	2,008,000
Restricted Agency Funds					
Balance Forward	96,000	77,000	23,000	77,000	23,000
Current Receipts	200,000	200,000	200,000	200,000	200,000
Total Restricted Agency Funds	<u>296,000</u>	<u>277,000</u>	<u>223,000</u>	<u>277,000</u>	<u>223,000</u>
TOTAL FUNDS	<u>2,059,900</u>	<u>2,206,500</u>	<u>2,223,500</u>	<u>2,176,000</u>	<u>2,231,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,333,900	1,512,000	1,584,500	1,498,000	1,561,000
Operating Expenses	649,000	671,500	689,500	655,000	670,000
TOTAL EXPENDITURES	<u>1,982,900</u>	<u>2,183,500</u>	<u>2,274,000</u>	<u>2,153,000</u>	<u>2,231,000</u>
EXPENDITURES BY UNIT					
Commissioner	220,000	234,000	246,000	231,700	243,600
Administrative Services	914,400	1,066,500	1,106,500	1,056,000	1,095,000
Research	848,500	883,000	921,500	877,000	913,000
EMPOWER Kentucky General Fund Savings				-11,700	-20,600
TOTAL EXPENDITURES	<u>1,982,900</u>	<u>2,183,500</u>	<u>2,274,000</u>	<u>2,153,000</u>	<u>2,231,000</u>

The Department of Administration is comprised of two divisions: Administrative Services and Research and Planning. The management of the Cabinet's information resources and office automation system is performed by the Information Resources section, which is attached to the Commissioner's Office.

The Administrative Services Division provides financial data and personnel management, and maintains adequate records for the Cabinet's activities. Budget preparation and management is also a role of the Division.

The Department provides support services to all other departmental units, including all purchasing controls, property management, accounting and budgetary functions, as well as all personnel functions including oversight of training and counseling. The Administrative Services Division is served by two branches: Fiscal Management and Personnel and Payroll.

The Division of Research provides analytical services and economic and community data to support economic development activities in Kentucky. The Division provides services through the General Research Branch, the Community Publications Branch, the Economic Resources Library, and the Maps and Publications Sales Office.

The General Research Branch compiles data and publishes an international trade directory, economic statistics, and general information on Kentucky. Other printed materials include informational handouts on subjects relating to economic development, including business incentives, financing, taxes, labor supply, education and training, and transportation. Original research is also conducted in response to specific requests from within the Cabinet, as well as from industrial prospects, existing businesses, local development groups, and local government officials. These research projects include special tax computations and comparisons, economic impact studies, and detailed economic and community data.

The Community Publications Branch compiles and publishes community resource data for approximately 200 communities in the state. The "Resources for Economic Development" booklets are prepared for communities with available industrial sites, as determined by the Site Evaluation Division, Department of Job Development. These booklets are used by Cabinet personnel, other state agencies, local economic developers, businesses, and the public.

The Maps and Publications Office, located at 133 Holmes Street, is a sales outlet for U. S. and Kentucky Geological Survey maps and publications, and department publications.

ECONOMIC DEVELOPMENT
Job Development

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,051,000	2,951,500	2,880,000	2,333,000	2,413,000
EXPENDITURES BY CLASS					
Personnel Costs	1,712,500	2,386,500	2,417,000	1,934,000	2,004,000
Operating Expenses	338,500	512,000	463,000	399,000	409,000
Capital Outlay		53,000			
TOTAL EXPENDITURES	2,051,000	2,951,500	2,880,000	2,333,000	2,413,000
EXPENDITURES BY UNIT					
Commissioner	1,054,500	1,621,500	1,663,000	1,225,700	1,264,700
Industrial Development	701,500	813,000	837,000	804,000	833,000
Site Evaluation	295,000	517,000	380,000	307,000	322,000
EMPOWER Kentucky General Fund Savings				-3,700	-6,700
TOTAL EXPENDITURES	2,051,000	2,951,500	2,880,000	2,333,000	2,413,000

The Department for Job Development is responsible for coordinating the recruitment of new industries and businesses to Kentucky. This task includes but is not limited to: compiling research data for prospective sites; targeting and contacting specific industries and businesses outside of Kentucky; meeting and corresponding with business representatives; and, coordinating site location referrals and visits. This process also involves coordinating the exchange of information for specific areas such as financing, training, and regulatory requirements with Cabinet officials, program personnel and local representatives.

A Site Evaluation Division compiles statistical information and other relevant materials such as site maps and listings of available buildings and possible sites for new construction. A Division of Industrial Development contacts and communicates with industrial prospects, both foreign and domestic. Existing contractual offices/agents are located in Japan and Brussels to assist in this endeavor.

Policy

Included in the Governor's recommendation is \$140,000 in each year of fiscal biennium 1998-2000 for foreign trade recruitment. This money is tentatively scheduled to be concentrated in Japan and Europe (existing foreign office sites) and one additional country. Also included in the Governor's recommendation is an additional \$50,000 in each year of the fiscal biennium 1998-2000 to increase the job marketing effort.

ECONOMIC DEVELOPMENT
Financial Incentives

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,788,700	4,769,000	4,783,000	2,729,000	3,343,000
Continuing Appropriation	10,222,600	9,792,500	9,356,500	9,792,500	9,356,000
Total General Fund	14,011,300	14,561,500	14,139,500	12,521,500	12,699,000
Restricted Agency Funds					
Balance Forward	1,014,000	768,500		768,500	2,000
Current Receipts	1,246,000	1,150,000	1,150,000	1,357,000	1,204,000
Non-Revenue Receipts		282,000	509,000	917,000	1,144,000
Total Restricted Agency Funds	2,260,000	2,200,500	1,659,000	3,042,500	2,350,000
TOTAL FUNDS	16,271,300	16,762,000	15,798,500	15,564,000	15,049,000
EXPENDITURES BY CLASS					
Personnel Costs	1,750,200	1,893,000	1,974,500	1,978,000	2,009,000
Operating Expenses	145,500	206,500	196,500	269,000	207,000
Grants, Loans or Benefits	3,814,600	5,306,000	6,063,000	3,906,000	5,263,000
Capital Outlay				53,000	
TOTAL EXPENDITURES	5,710,300	7,405,500	8,234,000	6,206,000	7,479,000
EXPENDITURES BY UNIT					
Commissioner	1,880,200	1,970,500	2,030,000	2,175,500	2,083,000
Bluegrass State Skills	3,830,100	5,435,000	6,204,000	4,033,000	5,400,900
EMPOWER Kentucky General Fund Savings				-2,500	-4,900
TOTAL EXPENDITURES	5,710,300	7,405,500	8,234,000	6,206,000	7,479,000

The Department of Financial Incentives coordinates all financial and tax credits made available on behalf of business and industry. The Department is charged with the development of new initiatives, as well as streamlining and coordinating existing programs, to see that a balanced, efficient use of state dollars and credits is available for job creation and preservation.

The primary purpose of this department is to structure financial incentive packages which are most beneficial to either an existing or new business or industry, while ensuring the reasonable and efficient use of state programs. Working in concert to accomplish this mission is the Grants Program Division, Tax Incentive Programs Division, Direct Loan Programs Division, Program Servicing Division, and the Bluegrass State Skills Corporation. The Kentucky Economic Development Finance Authority (KEDFA) through this department, encourages economic development, business expansion, and job creation by providing financial support for business and industry through an array of financial assistance and tax credit programs.

In accordance with enabling legislation of the 1992 Kentucky General Assembly, the requirements, policies, and intent of each of the following shall be responsibilities of KEDFA:

- The Kentucky Job Development Act (KRS 154.24-010),
- The Kentucky Industrial Revitalization Act (KRS 154.26),
- The Kentucky Rural Economic Development Act (KRS 154.22),
- The Kentucky Industrial Development Act (KRS 154.28),
- The Local Government Economic Development Programs (KRS 42.4582-42.4595),
- The Direct Loan program (KRS 154.20-030),

The Bluegrass State Skills Corporation (BSSC) was established in 1984 by the General Assembly as an independent, de jure corporation to stimulate economic development through programs of skills training to meet the needs of business and industry. The BSSC works with business and industry and the state's educational institutions to establish programs of skills training. The BSSC is under the Cabinet for Economic Development, Department of Financial Incentives in recognition of the relationship between economic development and the need to address the skills training efforts of Kentucky's new, expanding, and existing industries. The current statutory authority for the BSSC is found in KRS 154.12-204 through 154.12-208.

The Enterprise Zone Authority of Kentucky was established in 1982 by the General Assembly to revitalize economically depressed areas of the state. The Department employs staff which serves the Authority and carries out the administrative duties and functions as directed by the Authority. The statutory authority for the Enterprise Zone Authority is found in KRS 154.45-001 through KRS 154.45-120.

Policy

Included in the Governor's recommended budget is \$635,000 in non-revenue agency fund receipts in each year of fiscal biennium 1998-2000 for Bluegrass State Skills training grants. This money will originate from the repayments of economic development bond projects and loans and is substituted for General Funds on a recurring basis.

Also included are additional General Funds in the amount of \$119,000 in fiscal year 1999 and \$113,000 in fiscal year 2000 to support the Economic Development Cabinet's proposed Skills Training Investment Credit legislation. Should this legislation not receive General Assembly approval in the 1998 Regular Session, the Governor recommends these additional dollars stay with the Bluegrass State Skills program and be authorized as increased support for the existing grant program.

Also included are additional agency funds in the amount of \$69,000 in fiscal year 1999 and \$67,500 in fiscal year 2000 to support the Cabinet's proposed Venture Capital Tax Credit legislation.

Also included are additional restricted agency funds in the amount of \$207,000 in fiscal year 1999 and \$54,000 in fiscal year 2000 to fund the Economic Development Cabinet's layer of the Statewide Geographic Information System.

Also included are additional General Funds in the amount of \$20,000 in fiscal year 1999 and \$21,000 in fiscal year 2000 to support maintenance projects of the Waterfront Development Corporation. This money brings the total recurring General Fund support of this project to \$370,000 in fiscal year 1999 and \$371,000 in fiscal year 2000.

**ECONOMIC DEVELOPMENT
Debt Service**

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	51,815,000	991,000	1,982,000		666,000
EXPENDITURES BY CLASS					
Debt Service	51,815,000	991,000	1,982,000		666,000

The purpose of the Economic Development Bond program (KRS 154.12-100) is to utilize bond proceeds to leverage private investment to promote the overall economic development of the Commonwealth. This includes, but is not limited to, the development of public projects such as industrial parks, riverports, and tourism facilities.

Unexpended authorization may carry forward to succeeding fiscal years if sufficient debt service is appropriated, according to Attorney General Opinion 81-242.

Policy

The Debt Service for the previously authorized portion of the Economic Development Bond Pool is recommended in the Finance and Administration Cabinet's budget. Included in the Governor's recommendation are additional General Funds in the amount of \$0 in fiscal year 1999 and \$666,000 in fiscal year 2000 as new debt service to fund \$7 million in new bond authorization for the Economic Development Bond Program.

ECONOMIC DEVELOPMENT
Community Development

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,274,300	4,054,500	4,323,500	2,733,000	2,862,000
Restricted Agency Funds					
Balance Forward	106,000	87,000	75,000	87,000	75,000
Current Receipts	5,000	20,000	20,000	20,000	20,000
Non-Revenue Receipts	145,000	145,000	145,000	145,000	145,000
Total Restricted Agency Funds	256,000	252,000	240,000	252,000	240,000
Federal Funds					
Balance Forward	33,500	25,500	6,500	25,500	6,500
Current Receipts	310,000	160,000	160,000	160,000	160,000
Total Federal Funds	343,500	185,500	166,500	185,500	166,500
TOTAL FUNDS	3,873,800	4,492,000	4,730,000	3,170,500	3,268,500
EXPENDITURES BY CLASS					
Personnel Costs	2,113,300	2,523,000	2,714,000	2,386,000	2,502,500
Operating Expenses	381,000	521,500	621,500	436,000	439,000
Grants, Loans or Benefits	1,267,000	1,366,000	1,334,500	267,000	267,000
TOTAL EXPENDITURES	3,761,300	4,410,500	4,670,000	3,089,000	3,208,500
EXPENDITURES BY UNIT					
Commissioner	255,300	501,000	648,000	265,000	276,400
Entrepreneurship	1,885,000	1,970,500	2,001,500	902,500	936,500
Small and Minority Business	385,000	457,500	478,500	454,500	474,500
Regional Offices	952,000	991,500	1,033,500	983,500	1,023,000
Trade Division	284,000	490,000	508,500	488,000	506,000
EMPOWER Kentucky General Fund Savings				-4,500	-7,900
TOTAL EXPENDITURES	3,761,300	4,410,500	4,670,000	3,089,000	3,208,500

The Department of Community Development is responsible for the retention and expansion of existing businesses, entrepreneurship, and community development efforts in Kentucky.

The Department of Community Development includes: the International Trade Division, Small and Minority Business Division, the Division of Business and Entrepreneurship including the Procurement Assistance Branch, the Business Information Clearinghouse, the Business and Technology Branch, the Regulatory and Expediting Center, and the three Regional Offices – East, West, and Central.

The International Trade Division (ITD) is responsible for educating, promoting, and assisting Kentucky companies in becoming more competitive in global markets. In the first year of existence, the ITD has placed great emphasis on trade awareness and education. Staff has provided assistance to Kentucky companies on trade-related issues and participated in several trade missions. In addition, the division has also provided training to local economic development groups on how to develop trade assistance programs at the local level, thus creating a multiplier effect.

- The Kentucky Agricultural and Commercial Trade Office located in Guadalajara, Mexico, is responsible for promoting the exports of Kentucky manufactured goods, services and agricultural products throughout Mexico. This office is funded and operated as a cooperative effort between the Kentucky Cabinet for Economic Development and the Kentucky Department of Agriculture.
- The Commonwealth of Kentucky Far East Representative Office located in Tokyo, Japan, is responsible for promoting the exports of Kentucky manufactured goods and services throughout Japan.

The Small and Minority Business Division (SMBD) continues to provide a consistent level of technical assistance to Kentucky's small and minority owned businesses. The SMBD offers procurement assistance to minority firms interested in becoming a minority procurement contractor. Financial assistance is provided by the SMBD through the Small Business Administration's 504 Loan program and the Linked Deposit program. The SMBD also offers assistance through the Investment Capital Network program. The Small Business Development Center at the University of Kentucky will continue to receive \$50,000 each year to assist with these program activities.

The Regulatory Expediting Center (REC) serves as a business ombudsman for addressing regulatory issues encountered within the Kentucky business community.

The Division of Business and Entrepreneurship (DBE) provides the following services:

- The Business Information Clearinghouse (BIC) provides licenses and permitting assistance to new and expanding Kentucky businesses. They are funded by a \$10 General Business License fee of which \$1 is maintained by the Revenue Cabinet, which collects the fee.
- The Kentucky Procurement Assistance Program (KPAP) provides technical assistance to the businesses in procuring federal and state government contracts.
- The Business and Technology Branch (BTB) in cooperation with other entities such as businesses, universities, and other government agencies seeks to identify and coordinate the distribution of technological information. A major portion of resources in this branch is targeted toward providing and building business networks to enhance the efficiency and productivity of Kentucky businesses. Networks are created to address business profitability and competitive issues such as supplier chains, exporting and trade, ISO9000 and advancements in technology.

The three Regional Offices, East, West, and Central, focus on the retention and expansion of Kentucky's manufacturing and value added business base. These offices offer the only statewide industry visitation program. Through this program, staff assist Kentucky's business and industry base with expansion issues and address potential issues that affect competitiveness. Assisting communities and local economic development groups with infrastructure needs and industrial site development is also a focus for regional staff.

In addition to direct contact with Kentucky companies, the Regional Office staff serve as a business advocate to state and local retention efforts through programs such as the Kentucky Expansion and Existing Business Program (KEEP) and Community Assessment Team Visits.

Policy

Additional General Funds are included in the Governor's recommendation in the amount of \$52,500 in fiscal year 1999 and \$60,000 in fiscal year 2000 to increase the Economic Development Cabinet's international marketing efforts.

Also, as a matter of policy, the Governor's recommended budget deletes \$1,000,000 in General Fund supported grants from the Division of Entrepreneurship and has redirected this money to fully fund the other on-going operations of the Economic Development Cabinet.

EDUCATION

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,508,829,100	2,662,560,500	2,761,972,500	2,612,579,300	2,720,767,700
Continuing Appropriation	224,900				
Total General Fund	2,509,054,000	2,662,560,500	2,761,972,500	2,612,579,300	2,720,767,700
Restricted Agency Funds					
Balance Forward	1,271,000	862,000	640,500	862,000	672,500
Current Receipts	2,697,500	2,824,500	2,985,500	2,824,500	2,985,500
Non-Revenue Receipts	1,729,500	1,785,500	1,971,000	1,736,300	1,922,500
Total Restricted Agency Funds	5,698,000	5,472,000	5,597,000	5,422,800	5,580,500
Federal Funds					
Balance Forward	196,500	140,500	113,500	140,500	123,300
Current Receipts	334,619,000	342,265,500	352,513,000	342,265,500	352,513,000
Non-Revenue Receipts	679,500	719,500	745,000	719,500	745,000
Revenue Redistribution	6,200,000	6,400,500	6,608,000	6,400,500	6,608,000
Total Federal Funds	341,695,000	349,526,000	359,979,500	349,526,000	359,989,300
TOTAL FUNDS	2,856,447,000	3,017,558,500	3,127,549,000	2,967,528,100	3,086,337,500
EXPENDITURES BY CLASS					
Personnel Costs	50,225,500	59,117,000	61,724,000	56,222,000	58,511,900
Operating Expenses	12,601,000	17,754,500	17,574,000	13,095,300	13,743,100
Grants, Loans or Benefits	2,791,647,000	2,939,743,500	3,047,549,000	2,897,415,000	3,013,286,900
Debt Service	740,000				
Capital Outlay	231,000	189,500			
TOTAL EXPENDITURES	2,855,444,500	3,016,804,500	3,126,847,000	2,966,732,300	3,085,541,900
EXPENDITURES BY UNIT					
Support Education Excellence in Kentucky (SEEK)	2,029,385,300	2,130,562,000	2,199,051,500	2,114,755,500	2,184,668,000
Executive Policy and Management	4,086,200	4,488,000	4,578,500	4,325,200	4,468,400
Management Support Services	414,620,700	439,424,500	459,128,500	424,787,100	446,025,900
Learning Results Services	33,715,100	38,351,500	39,176,000	35,303,800	35,907,400
Learning Support Services	373,637,200	403,978,500	424,912,500	387,560,700	414,472,200
TOTAL EXPENDITURES	2,855,444,500	3,016,804,500	3,126,847,000	2,966,732,300	3,085,541,900

In enacting House Bill 940, the Kentucky Education Reform Act (KERA), the 1990 General Assembly provided for a reconstituted Department of Education to implement KERA along with other existing programs. A comprehensive study of the Department and its goals and duties was undertaken and a major reorganization was effected as of July, 1991. As a consequence of House Bill 940, the Department of Education is headed by an appointed Commissioner of Education selected by the Kentucky Board of Education.

The Department of Education consists of the following major program areas: Executive Policy and Management, Management Support Services, Learning Results Services, and Learning Support Services.

EDUCATION
Support Education Excellence in Kentucky

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,029,385,300	2,130,562,000	2,199,051,500	2,114,755,500	2,184,668,000
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	2,029,385,300	2,130,562,000	2,199,051,500	2,114,755,500	2,184,668,000
EXPENDITURES BY UNIT					
Base Funding	1,484,106,300	1,528,245,000	1,578,057,500	1,524,123,500	1,573,075,600
Pupil Transportation	155,000,000	186,112,500	200,633,000	174,743,900	189,859,500
Equalized Facilities	36,533,500	43,062,000	40,789,000	43,150,300	41,137,800
Tier I Equalization	107,042,500	119,329,000	117,811,000	120,236,800	118,834,100
State-Run Vocational Schools					
Reimbursement	18,796,000	19,623,000	20,545,000	19,623,000	20,545,000
Vocational Education					
Transportation	2,180,000	2,278,000	2,346,000	2,278,000	2,346,000
Local District Teacher Retirement	225,727,000	231,912,500	238,870,000	230,600,000	238,870,000
Match					
TOTAL EXPENDITURES	2,029,385,300	2,130,562,000	2,199,051,500	2,114,755,500	2,184,668,000

The 1990 General Assembly enacted House Bill 940 which created a new mechanism for providing state support to local school districts. The Support Education Excellence in Kentucky (SEEK) program replaced the Minimum Foundation Program as well as the Power Equalization program.

Under the SEEK financing program, the state sets a fixed base guarantee amount (\$2,756 in fiscal year 1998) per student in average daily attendance. The amount of revenue per pupil guaranteed by SEEK is then adjusted in each local school district to reflect a set of factors that affect the cost of providing services to pupils.

- An adjustment (currently an additional 15 percent revenue per pupil) is made to reflect the higher than average costs associated with educating at risk/economically deprived students.
- The per pupil guarantee is also increased by the cost of providing services for exceptional children, based on a series of weights designed to reflect the additional costs of providing services to different categories of pupils. The costs associated with exceptional children are based on the count of pupils with different disabilities, a state-determined exceptional pupil-teacher ratio for each disability or service, and a resulting state-determined per pupil cost.

The per pupil guarantee is also supplemented by the costs determined under the pupil transportation calculation procedures.

With regard to the equalization component of the SEEK program, every local school district is required to levy a minimum equivalent local tax effort of 30 cents per hundred dollars of assessed valuation. This tax level may be attained via local property taxes, available alternative taxes (occupational, utility, or income/excise), or any combination thereof. The yield from this tax effort serves as a deduction against the revenues guaranteed under SEEK. This results in a greater proportion of the per pupil revenues being provided by the state in those districts with lower property wealth per pupil.

Those districts which choose to impose taxes sufficient to generate revenues up to 15 percent beyond those generated under base SEEK are eligible for additional revenues from the state equal to the additional local revenue generated equalized at 150 percent of the statewide average per pupil equalized assessment. The local tax increase under this provision -- known as Tier I -- is not subject to voter recall. Additionally, local school districts, upon a majority vote of eligible voters, may raise up to an additional 30 percent in local revenues beyond base SEEK and Tier I to support their education program. This provision is known as Tier II. These funds are not matched by the state.

The SEEK program also includes an equalized facilities support component (Facilities Support Program of Kentucky) for the purpose of providing a supplemental funding source for each local school district to finance school building/renovation projects and/or debt service expenditures. To qualify for participation, a district must levy a minimum equivalent tax rate of five cents per hundred dollars of assessed valuation. Only revenue generated by this tax which is actually used to finance capital construction projects or debt service on bonds is equalized by the state under SEEK. Such revenue is also equalized at 150 percent of the statewide average per pupil equalized assessment.

Policy

The Governor's recommended budget includes funding to increase the basic SEEK per pupil guarantee amount from the current \$2,756 to \$2,839 (a three percent increase) in fiscal year 1999 and to \$2,924 (an additional three percent increase) in fiscal year 2000. The recommended budget is sufficient to accommodate the Department of Education's projected number of pupils in average daily attendance: 575,254 in both years of the 1998-2000 biennium. Funding is included to cover the additional costs associated with educating at-risk and exceptional children. Also included is funding to provide every school district with at least the same amount of state SEEK funding per pupil in both years of the 1998-2000 biennium as was received in fiscal year 1991-92 (a "hold-harmless" guarantee).

The Governor's recommended budget includes \$120,236,800 in fiscal year 1999 and \$118,834,100 in fiscal year 2000 to provide Tier I equalization funding. This funding is projected to be sufficient to equalize local revenues raised under this program at a level of \$410,000 of assessed valuation per student (150 percent of the projected statewide average per pupil assessment during the 1998-2000 biennium). The recommended budget incorporates the Revenue Cabinet's most recent estimate of growth in statewide assessed valuation; assessment growth is projected to be 4.4 percent for fiscal 1999 and 4.8 percent for fiscal 2000.

The Governor's recommended budget includes funding for pupil transportation of \$174,743,900 in fiscal year 1999 and \$189,859,500 in fiscal year 2000.

The Governor's recommended budget continues the "deduct" (a factor of .3) to be applied against the \$2,839 and \$2,924 per pupil guarantee amounts each year of the 1998-2000 biennium in those instances where a pupil spends a portion of the school day at a state-operated vocational center. The deduct is applied for that portion of the school day spent at the state-operated center.

The Governor's recommended budget increases state support for the Facilities Support Program of Kentucky to \$43,150,300 in fiscal year 1999 and to \$41,137,800 in fiscal year 2000. This funding level is projected to be sufficient to equalize local district revenues raised under this program at a level of \$410,000 of assessed valuation per student.

The Governor's recommended budget provides funding of \$19,623,000 in fiscal year 1999 and \$20,545,000 in fiscal year 2000 to reimburse state-operated vocational facilities for the costs incurred in providing course offerings to students from local school districts. Funding for vocational transportation is recommended at a level of \$2,278,000 in fiscal 1999 and \$2,346,000 in fiscal 2000.

Included within the totals recommended for the SEEK program area is \$230,600,000 in fiscal year 1999 and \$238,870,000 in fiscal year 2000 for the teachers' retirement employer match on behalf of local school district certified personnel.

EDUCATION
Executive Policy and Management

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,242,700	3,569,500	3,628,000	3,430,400	3,536,700
Restricted Agency Funds					
Balance Forward	110,000	96,000	90,500	96,000	114,200
Current Receipts	345,000	403,000	421,500	403,000	421,500
Total Restricted Agency Funds	<u>455,000</u>	<u>499,000</u>	<u>512,000</u>	<u>499,000</u>	<u>535,700</u>
Federal Funds					
Balance Forward	30,500	20,000	10,000	20,000	10,000
Current Receipts	474,000	500,000	526,000	500,000	526,000
Total Federal Funds	<u>504,500</u>	<u>520,000</u>	<u>536,000</u>	<u>520,000</u>	<u>536,000</u>
TOTAL FUNDS	<u>4,202,200</u>	<u>4,588,500</u>	<u>4,676,000</u>	<u>4,449,400</u>	<u>4,608,400</u>
EXPENDITURES BY CLASS					
Personnel Costs	2,775,500	3,010,500	3,138,000	2,954,800	3,093,600
Operating Expenses	501,200	587,000	527,000	510,400	473,800
Grants, Loans or Benefits	809,500	890,500	913,500	860,000	901,000
TOTAL EXPENDITURES	<u>4,086,200</u>	<u>4,488,000</u>	<u>4,578,500</u>	<u>4,325,200</u>	<u>4,468,400</u>
EXPENDITURES BY UNIT					
Commissioner	587,700	535,500	551,000	534,100	543,000
Kentucky Board of Education	99,500	103,500	106,500	103,500	106,500
Legal Services and Management Assistance	1,395,000	1,615,000	1,612,500	1,572,900	1,595,900
Communications, Planning and Government Relations	2,004,000	2,234,000	2,308,500	2,137,200	2,252,800
EMPOWER Kentucky General Fund Savings				-22,500	-29,800
TOTAL EXPENDITURES	<u>4,086,200</u>	<u>4,488,000</u>	<u>4,578,500</u>	<u>4,325,200</u>	<u>4,468,400</u>

The Executive Policy and Management major program area includes a number of key functions and offices which provide policy direction and leadership for Kentucky's public elementary and secondary education system as well as for the Department of Education.

EDUCATION
Executive Policy and Management
Commissioner

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	587,700	535,500	551,000	534,100	543,000
EXPENDITURES BY CLASS					
Personnel Costs	486,000	457,500	486,500	456,100	478,500
Operating Expenses	101,700	78,000	64,500	78,000	64,500
TOTAL EXPENDITURES	587,700	535,500	551,000	534,100	543,000

House Bill 940, enacted by the 1990 General Assembly, provided for the appointment of a Commissioner of Education by the Kentucky Board of Education to serve as the chief state school officer.

The Commissioner of Education's qualifications and compensation are set by the Kentucky Board of Education. The Commissioner serves at the pleasure of the Board. The Commissioner is responsible for carrying out all duties assigned by the legislature, for executing education policy as directed by the State Board, and also directs the work of all persons employed by the Department of Education.

EDUCATION
Executive Policy and Management
Kentucky Board of Education

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	99,500	103,500	106,500	103,500	106,500
EXPENDITURES BY CLASS					
Personnel Costs	22,500	23,500	25,000	23,500	25,000
Operating Expenses	77,000	80,000	81,500	80,000	81,500
TOTAL EXPENDITURES	99,500	103,500	106,500	103,500	106,500

The 1990 General Assembly, in enacting House Bill 940, provided for a new Kentucky Board of Education consisting of 11 members appointed by the Governor and confirmed by both houses of the General Assembly; the Executive Director of the Council on Higher Education serves as an ex-officio non-voting member. Seven members represent each of the state's Supreme Court districts while four members represent the state at large. Each appointed member serves a four-year term. Terms are staggered and new appointments are submitted to the General Assembly by February 1 in each year that a regular session convenes.

Overall policy regarding public elementary and secondary education in Kentucky is set by the Kentucky Board of Education within the legal framework established by the General Assembly.

EDUCATION
Executive Policy and Management
Legal Services

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	301,500	477,500	441,000	448,500	413,900
EXPENDITURES BY CLASS					
Personnel Costs	291,000	371,000	384,500	342,000	357,400
Operating Expenses	10,500	106,500	56,500	106,500	56,500
TOTAL EXPENDITURES	301,500	477,500	441,000	448,500	413,900

The Office of Legal Services provides in-house legal services for the Commissioner of Education, all offices of the Department of Education, the Kentucky Board of Education, and the Education Professional Standards Board. The Office of Legal Services provides legal representation for the Department of Education and the two boards before administrative agencies and courts of law. Additionally, it provides informal legal advice to local school districts and members of the general public.

Policy

The Governor's recommended budget includes \$50,000 in funding in fiscal year 1999 for updating the Kentucky School Laws book which is distributed to local school districts, education administrators and policy makers. The update will reflect actions of the 1998 Regular Session of the General Assembly.

EDUCATION
Executive Policy and Management
Management Assistance

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,093,500	1,137,500	1,171,500	1,124,400	1,182,000
EXPENDITURES BY CLASS					
Personnel Costs	725,000	713,000	739,000	730,400	762,000
Operating Expenses	43,500	44,000	45,000	44,000	45,000
Grants, Loans or Benefits	325,000	380,500	387,500	350,000	375,000
TOTAL EXPENDITURES	1,093,500	1,137,500	1,171,500	1,124,400	1,182,000

The Division of Management Assistance is responsible for implementing the Management Assistance Program as well as monitoring participating districts' progress in complying with relevant statutes and regulations governing the delivery of educational services. The Management Assistance Program is designed to improve the management and operations of school districts with substantial documented deficiencies. The Kentucky Department of Education, under the auspices of the Kentucky Board of Education, identifies districts most in need of management assistance based on a review of the districts' operations. The factors reviewed include but are not limited to: planning, maintenance, and operations of physical plants; maintenance and operation of student transportation; personnel administration; governance and executive leadership; fiscal management; professional performance, staff development and evaluation; and community relationships.

The Division of Management Assistance works with targeted districts to develop improvement plans to correct identified deficiencies and monitors implementation of the plans.

Management Assistance Teams provide consultative services to participating districts on how to improve efficiency and overall management operations.

The Division of Management Assistance also operates an Exemplary District Partnership program which facilitates district-to-district partnerships designed to promote the adoption of outstanding and innovative practices among school districts.

EDUCATION
Executive Policy and Management
Communications, Planning and Government Relations

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,160,500	1,315,500	1,358,000	1,242,400	1,321,100
Restricted Agency Funds					
Balance Forward	110,000	96,000	90,500	96,000	114,200
Current Receipts	345,000	403,000	421,500	403,000	421,500
Total Restricted Agency Funds	455,000	499,000	512,000	499,000	535,700
Federal Funds					
Balance Forward	30,500	20,000	10,000	20,000	10,000
Current Receipts	474,000	500,000	526,000	500,000	526,000
Total Federal Funds	504,500	520,000	536,000	520,000	536,000
TOTAL FUNDS	2,120,000	2,334,500	2,406,000	2,261,400	2,392,800
EXPENDITURES BY CLASS					
Personnel Costs	1,251,000	1,445,500	1,503,000	1,402,800	1,470,700
Operating Expenses	268,500	278,500	279,500	224,400	256,100
Grants, Loans or Benefits	484,500	510,000	526,000	510,000	526,000
TOTAL EXPENDITURES	2,004,000	2,234,000	2,308,500	2,137,200	2,252,800
EXPENDITURES BY UNIT					
Associate Commissioner	372,000	377,000	388,000	395,800	415,300
Public Information	1,281,500	1,358,500	1,404,000	1,326,200	1,380,500
Media Services	141,500	287,000	299,000	211,000	246,800
Planning and Government Relations	209,000	211,500	217,500	204,200	210,200
TOTAL EXPENDITURES	2,004,000	2,234,000	2,308,500	2,137,200	2,252,800

The Office of Communications, Planning and Government Relations brings together in one location the related functions of information and media services as well as planning and government relations. The Associate Commissioner heading this Office reports directly to the Commissioner of Education.

EDUCATION
Executive Policy and Management
Communications, Planning and Government Relations
Associate Commissioner

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	372,000	377,000	388,000	395,800	415,300
EXPENDITURES BY CLASS					
Personnel Costs	349,500	357,000	368,000	375,800	395,300
Operating Expenses	22,500	20,000	20,000	20,000	20,000
TOTAL EXPENDITURES	372,000	377,000	388,000	395,800	415,300

The Associate Commissioner reports directly to the Commissioner of Education and provides overall direction and coordination to the work of the Public Information, Media Services, and Planning and Government Relations divisions.

EDUCATION
Executive Policy and Management
Communications, Planning and Government Relations
Public Information

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	438,000	440,000	453,500	431,400	448,800
Restricted Agency Funds					
Balance Forward	110,000	96,000	90,500	96,000	114,200
Current Receipts	345,000	403,000	421,500	403,000	421,500
Total Restricted Agency Funds	<u>455,000</u>	<u>499,000</u>	<u>512,000</u>	<u>499,000</u>	<u>535,700</u>
Federal Funds					
Balance Forward	30,500	20,000	10,000	20,000	10,000
Current Receipts	474,000	500,000	526,000	500,000	526,000
Total Federal Funds	<u>504,500</u>	<u>520,000</u>	<u>536,000</u>	<u>520,000</u>	<u>536,000</u>
TOTAL FUNDS	<u>1,397,500</u>	<u>1,459,000</u>	<u>1,501,500</u>	<u>1,450,400</u>	<u>1,520,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	560,000	622,500	652,500	620,300	652,100
Operating Expenses	237,000	226,000	225,500	195,900	202,400
Grants, Loans or Benefits	484,500	510,000	526,000	510,000	526,000
TOTAL EXPENDITURES	<u>1,281,500</u>	<u>1,358,500</u>	<u>1,404,000</u>	<u>1,326,200</u>	<u>1,380,500</u>

The Division of Public Information produces materials explaining the purpose and the progress of the Kentucky Education Reform Act to parents and other interested parties. The Division also creates print and electronic products to supplement professional development of educators.

EDUCATION
Executive Policy and Management
Communications, Planning and Government Relations
Media Services

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	141,500	287,000	299,000	211,000	246,800
EXPENDITURES BY CLASS					
Personnel Costs	141,500	263,500	274,000	211,000	221,800
Operating Expenses		23,500	25,000		25,000
TOTAL EXPENDITURES	<u>141,500</u>	<u>287,000</u>	<u>299,000</u>	<u>211,000</u>	<u>246,800</u>

The Division of Media Services provides technical assistance and produces videotape programs for the Department, local school districts, education agencies, and the public. These videos provide instruction and professional development information relating to specific reform areas and exemplary practices occurring in local districts. This Division works with Kentucky Educational Television and other television outlets to coordinate video services for educators, parents, and the public.

EDUCATION
Executive Policy and Management
Communications, Planning and Government Relations
Planning and Government Relations

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	209,000	211,500	217,500	204,200	210,200
EXPENDITURES BY CLASS					
Personnel Costs	200,000	202,500	208,500	195,700	201,500
Operating Expenses	9,000	9,000	9,000	8,500	8,700
TOTAL EXPENDITURES	209,000	211,500	217,500	204,200	210,200

The Division of Planning and Government Relations provides staff support to the Commissioner and the Department of Education in developing and coordinating various plans relating to the effective operation of the Department and the implementation of the Kentucky Education Reform Act. The Division also serves as a contact on behalf of the Commissioner and Department to the General Assembly and other government bodies.

EDUCATION
Management Support Services

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	280,524,700	301,372,500	316,933,000	286,802,400	303,911,900
Restricted Agency Funds					
Balance Forward	375,500	184,000	50,500	184,000	58,800
Current Receipts	856,500	876,000	898,500	876,000	898,500
Non-Revenue Receipts	1,130,500	1,167,500	1,334,500	1,118,300	1,286,000
Total Restricted Agency Funds	<u>2,362,500</u>	<u>2,227,500</u>	<u>2,283,500</u>	<u>2,178,300</u>	<u>2,243,300</u>
Federal Funds					
Balance Forward	1,500				9,800
Current Receipts	132,416,000	136,375,000	140,451,000	136,375,000	140,451,000
Revenue Redistribution	-500,000	-500,000	-500,000	-500,000	-500,000
Total Federal Funds	<u>131,917,500</u>	<u>135,875,000</u>	<u>139,951,000</u>	<u>135,875,000</u>	<u>139,960,800</u>
TOTAL FUNDS	<u>414,804,700</u>	<u>439,475,000</u>	<u>459,167,500</u>	<u>424,855,700</u>	<u>446,116,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	9,223,500	10,104,500	10,544,500	10,071,600	10,486,400
Operating Expenses	4,643,700	5,819,500	5,896,000	4,978,500	5,399,400
Grants, Loans or Benefits	399,875,500	423,500,500	442,688,000	409,737,000	430,140,100
Debt Service	740,000				
Capital Outlay	138,000				
TOTAL EXPENDITURES	<u>414,620,700</u>	<u>439,424,500</u>	<u>459,128,500</u>	<u>424,787,100</u>	<u>446,025,900</u>
EXPENDITURES BY UNIT					
Deputy Commissioner	165,500	180,500	187,500	174,800	183,500
Education Technology	24,363,000	34,402,500	34,533,000	24,410,000	26,554,900
Internal Administration	7,605,200	7,886,500	8,120,000	7,526,900	8,098,600
District Support Services	382,487,000	396,955,000	416,288,000	392,816,700	411,375,200
EMPOWER Kentucky General Fund Savings				-141,300	-186,300
TOTAL EXPENDITURES	<u>414,620,700</u>	<u>439,424,500</u>	<u>459,128,500</u>	<u>424,787,100</u>	<u>446,025,900</u>

The Management Support Services major program area is headed by a Deputy Commissioner and consists of the Offices of Education Technology, Internal Administration, and District Support Services.

EDUCATION
Management Support Services
Deputy Commissioner

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	165,500	180,500	187,500	174,800	183,500
EXPENDITURES BY CLASS					
Personnel Costs	156,500	165,500	172,500	165,300	173,700
Operating Expenses	9,000	15,000	15,000	9,500	9,800
TOTAL EXPENDITURES	<u>165,500</u>	<u>180,500</u>	<u>187,500</u>	<u>174,800</u>	<u>183,500</u>

The Deputy Commissioner and associated support staff provide policy and administrative direction for the Management Support Services major program area consisting of the following Offices: Education Technology, Internal Administration, and District Support Services. The Deputy Commissioner reports directly to the Commissioner of Education.

EDUCATION
Management Support Services
Education Technology

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	21,963,000	32,002,500	32,062,500	22,057,500	24,131,900
Restricted Agency Funds					
Balance Forward	49,500				
Current Receipts	6,000				
Non-Revenue Receipts	382,500	379,000	389,000	331,500	341,500
Total Restricted Agency Funds	438,000	379,000	389,000	331,500	341,500
Federal Funds					
Current Receipts	1,962,000	2,021,000	2,081,500	2,021,000	2,081,500
TOTAL FUNDS	24,363,000	34,402,500	34,533,000	24,410,000	26,554,900
EXPENDITURES BY CLASS					
Personnel Costs	1,418,500	1,441,000	1,515,500	1,472,100	1,544,900
Operating Expenses	852,500	940,500	936,000	916,900	928,500
Grants, Loans or Benefits	21,962,000	32,021,000	32,081,500	22,021,000	24,081,500
Capital Outlay	130,000				
TOTAL EXPENDITURES	24,363,000	34,402,500	34,533,000	24,410,000	26,554,900
EXPENDITURES BY UNIT					
Associate Commissioner	2,249,000	2,313,000	2,382,500	2,314,000	2,383,700
System Support Services	933,500	948,000	975,000	921,500	962,200
Integration Services	809,000	828,500	853,500	828,500	852,300
Customer Support Services	371,500	313,000	322,000	346,000	356,700
Kentucky Education Technology Program (KETS)	20,000,000	30,000,000	30,000,000	20,000,000	22,000,000
TOTAL EXPENDITURES	24,363,000	34,402,500	34,533,000	24,410,000	26,554,900

The Office of Education Technology is responsible for policy and budget development as well as administration and quality assurance for the Kentucky Education Technology System (KETS). This Office also maintains the Department of Education's Information Resources Plan, oversees internal Department of Education computer services, assists educators in integrating instruction and administration using KETS technology, and assists local districts and schools with their technology plans.

EDUCATION
Management Support Services
Education Technology
Associate Commissioner

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	287,000	292,000	301,000	293,000	302,200
Federal Funds					
Current Receipts	1,962,000	2,021,000	2,081,500	2,021,000	2,081,500
TOTAL FUNDS	<u>2,249,000</u>	<u>2,313,000</u>	<u>2,382,500</u>	<u>2,314,000</u>	<u>2,383,700</u>
EXPENDITURES BY CLASS					
Personnel Costs	229,000	243,500	257,000	244,500	258,200
Operating Expenses	52,000	48,500	44,000	48,500	44,000
Grants, Loans or Benefits	1,962,000	2,021,000	2,081,500	2,021,000	2,081,500
Capital Outlay	6,000				
TOTAL EXPENDITURES	<u>2,249,000</u>	<u>2,313,000</u>	<u>2,382,500</u>	<u>2,314,000</u>	<u>2,383,700</u>

The Associate Commissioner for Education Technology reports to the Commissioner of Education through the Deputy Commissioner for Management Support Services. The Associate Commissioner provides overall direction and coordination to the work of the System Support Services, Integration Services, and Customer Support Services divisions. The Associate Commissioner also directs activities of the Department of Education relevant to the implementation of the Kentucky Education Technology System.

EDUCATION
Management Support Services
Education Technology
System Support Services

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	880,000	900,500	927,500	921,500	962,200
Restricted Agency Funds					
Balance Forward	47,500				
Current Receipts	6,000				
Non-Revenue Receipts		47,500	47,500		
Total Restricted Agency Funds	<u>53,500</u>	<u>47,500</u>	<u>47,500</u>		
TOTAL FUNDS	<u>933,500</u>	<u>948,000</u>	<u>975,000</u>	<u>921,500</u>	<u>962,200</u>
EXPENDITURES BY CLASS					
Personnel Costs	608,000	639,000	673,500	636,100	668,200
Operating Expenses	201,500	309,000	301,500	285,400	294,000
Capital Outlay	124,000				
TOTAL EXPENDITURES	<u>933,500</u>	<u>948,000</u>	<u>975,000</u>	<u>921,500</u>	<u>962,200</u>

The Division of System Support Services is responsible for design, development, and ongoing support of computing capabilities and communications systems to support the Kentucky Education Technology System (KETS) as well as internal Department of Education systems.

The Division of System Support Services is responsible for: statewide KETS and Local Area Network Design; installation, upgrades, and maintenance of KETS network components; district/school network management and testing; and evaluations of all KETS hardware and network components. Finally, this division has a number of responsibilities regarding operation of Department of Education information and office systems.

EDUCATION
Management Support Services
Education Technology
Integration Services

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	487,000	497,000	512,000	497,000	510,800
Restricted Agency Funds					
Non-Revenue Receipts	322,000	331,500	341,500	331,500	341,500
TOTAL FUNDS	<u>809,000</u>	<u>828,500</u>	<u>853,500</u>	<u>828,500</u>	<u>852,300</u>
EXPENDITURES BY CLASS					
Personnel Costs	231,000	269,500	283,500	269,500	282,300
Operating Expenses	578,000	559,000	570,000	559,000	570,000
TOTAL EXPENDITURES	<u>809,000</u>	<u>828,500</u>	<u>853,500</u>	<u>828,500</u>	<u>852,300</u>

The Division of Integration Services provides systems analysis, design, and implementation services for the Kentucky Education Technology System (KETS) as well as the Department of Education. This division develops recommendations to re-engineer departmental business processes to take advantage of information technology, establishes and maintains data administration standards for KETS and the Department of Education, and develops processes to make education data accessible to internal and external decision makers.

EDUCATION
Management Support Services
Education Technology
Customer Support Services

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	309,000	313,000	322,000	346,000	356,700
Restricted Agency Funds					
Balance Forward	2,000				
Non-Revenue Receipts	60,500				
Total Restricted Agency Funds	<u>62,500</u>				
TOTAL FUNDS	<u>371,500</u>	<u>313,000</u>	<u>322,000</u>	<u>346,000</u>	<u>356,700</u>
EXPENDITURES BY CLASS					
Personnel Costs	350,500	289,000	301,500	322,000	336,200
Operating Expenses	21,000	24,000	20,500	24,000	20,500
TOTAL EXPENDITURES	<u>371,500</u>	<u>313,000</u>	<u>322,000</u>	<u>346,000</u>	<u>356,700</u>

The Division of Customer Support Services provides and promotes education technology professional development activities for educators learning to integrate instruction and administration using Kentucky Education Technology System (KETS) technology. The Division provides: technology education awareness and training programs; regional KETS coordinators to the regional service centers; and direct consulting to district and school technology coordinators.

EDUCATION
Management Support Services
Education Technology
Kentucky Education Technology Program (KETS)

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	20,000,000	30,000,000	30,000,000	20,000,000	22,000,000
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	20,000,000	30,000,000	30,000,000	20,000,000	22,000,000

The 1990 Education Reform Act provides for the establishment of a Kentucky Education Technology System (KETS). All state funds for the development and implementation of KETS are appropriated to the Department of Education. These funds are then transferred during each fiscal year to the Education Technology Trust Fund where they are administered and invested by the Finance and Administration Cabinet. Funds from the Education Technology Trust Fund are withdrawn and expended based on guidelines established by the Education Technology Master Plan and in accordance with the various statutes governing this program.

Policy

The Governor's recommended budget provides for expansion funding of two million dollars in fiscal year 2000 for the KETS program. This increased level of funding will enable local school districts, which match state KETS funds, to increase their purchases of computers and related items for students and teachers and will also permit enhanced development and implementation of the statewide administrative network.

EDUCATION
Management Support Systems
Internal Administration

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,217,000	6,183,500	6,362,500	5,833,900	6,350,100
Restricted Agency Funds					
Balance Forward	287,500	159,000	35,500	159,000	43,800
Current Receipts	771,500	791,000	810,500	791,000	810,500
Non-Revenue Receipts	748,000	788,500	945,500	786,800	944,500
Total Restricted Agency Funds	1,807,000	1,738,500	1,791,500	1,736,800	1,798,800
TOTAL FUNDS	7,024,000	7,922,000	8,154,000	7,570,700	8,148,900
EXPENDITURES BY CLASS					
Personnel Costs	4,298,500	4,530,500	4,689,000	4,794,500	4,984,000
Operating Expenses	2,566,500	3,356,000	3,431,000	2,732,400	3,114,600
TOTAL EXPENDITURES	6,865,000	7,886,500	8,120,000	7,526,900	8,098,600
EXPENDITURES BY UNIT					
Associate Commissioner	264,000	181,500	190,000	220,000	231,200
Administrative Services	1,427,000	1,526,500	1,576,500	1,473,200	1,554,500
Financial Services	4,766,000	5,655,500	5,818,500	5,342,600	5,796,900
Personnel Services	408,000	523,000	535,000	491,100	516,000
TOTAL EXPENDITURES	6,865,000	7,886,500	8,120,000	7,526,900	8,098,600

The Office of Internal Administration provides basic administrative and support functions necessary for the effective functioning of the Department of Education and consists of the following divisions: Administrative Services, Financial Services, and Personnel Services.

EDUCATION
Management Support Services
Office of Internal Administration
Associate Commissioner

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	253,500	171,000	179,000	209,500	220,200
Restricted Agency Funds					
Balance Forward	4,500	2,000	500	2,000	500
Non-Revenue Receipts	8,000	9,000	10,500	9,000	10,500
Total Restricted Agency Funds	<u>12,500</u>	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>
TOTAL FUNDS	<u>266,000</u>	<u>182,000</u>	<u>190,000</u>	<u>220,500</u>	<u>231,200</u>
EXPENDITURES BY CLASS					
Personnel Costs	253,500	171,000	179,000	209,500	220,200
Operating Expenses	10,500	10,500	11,000	10,500	11,000
TOTAL EXPENDITURES	<u>264,000</u>	<u>181,500</u>	<u>190,000</u>	<u>220,000</u>	<u>231,200</u>

The Associate Commissioner of Internal Administration reports to the Commissioner of Education through the Deputy Commissioner for Management Support Services. The Associate Commissioner directs the activities of and provides policy leadership for the Divisions of Administrative Services, Financial Services, and Personnel Services.

EDUCATION
Management Support Services
Internal Administration
Administrative Services

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,184,200	508,500	524,000	463,500	510,000
Restricted Agency Funds					
Balance Forward	25,000	32,000	35,000	32,000	43,300
Current Receipts	771,500	791,000	810,500	791,000	810,500
Non-Revenue Receipts	218,500	230,000	241,000	230,000	241,000
Total Restricted Agency Funds	<u>1,015,000</u>	<u>1,053,000</u>	<u>1,086,500</u>	<u>1,053,000</u>	<u>1,094,800</u>
TOTAL FUNDS	<u>2,199,200</u>	<u>1,561,500</u>	<u>1,610,500</u>	<u>1,516,500</u>	<u>1,604,800</u>
EXPENDITURES BY CLASS					
Personnel Costs	652,000	682,000	713,500	679,000	710,400
Operating Expenses	775,200	844,500	863,000	794,200	844,100
Debt Service	740,000				
TOTAL EXPENDITURES	<u>2,167,200</u>	<u>1,526,500</u>	<u>1,576,500</u>	<u>1,473,200</u>	<u>1,554,500</u>
EXPENDITURES BY UNIT					
Program Services	471,700	489,000	509,500	483,600	504,400
Printshop Services	663,000	682,000	701,000	679,100	698,100
Facilities Management	1,032,500	355,500	366,000	310,500	352,000
TOTAL EXPENDITURES	<u>2,167,200</u>	<u>1,526,500</u>	<u>1,576,500</u>	<u>1,473,200</u>	<u>1,554,500</u>

The Division of Administrative Services performs basic internal management support functions for the Department of Education. This division contains the Department of Education's centralized printing operations as well as the Department's facilities management operations. NOTE: Beginning with fiscal year 1999, debt service relating to Department of Education facilities will be budgeted within the Finance and Administration Cabinet.

EDUCATION
Management Support Services
Office of Internal Administration
Financial Services

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,138,000	5,008,500	5,152,500	4,695,600	5,130,900
Restricted Agency Funds					
Balance Forward	257,500	125,000		125,000	
Non-Revenue Receipts	495,500	522,000	666,000	522,000	666,000
Total Restricted Agency Funds	753,000	647,000	666,000	647,000	666,000
TOTAL FUNDS	4,891,000	5,655,500	5,818,500	5,342,600	5,796,900
EXPENDITURES BY CLASS					
Personnel Costs	2,985,000	3,154,500	3,261,500	3,414,900	3,537,400
Operating Expenses	1,781,000	2,501,000	2,557,000	1,927,700	2,259,500
TOTAL EXPENDITURES	4,766,000	5,655,500	5,818,500	5,342,600	5,796,900
EXPENDITURES BY UNIT					
Program Support	2,454,000	3,319,500	3,412,500	3,006,600	3,390,900
Staff Teacher Retirement Match	2,312,000	2,336,000	2,406,000	2,336,000	2,406,000
TOTAL EXPENDITURES	4,766,000	5,655,500	5,818,500	5,342,600	5,796,900

The Division of Financial Services serves as the Department of Education's internal financial center with primary emphasis on purchasing and accounting functions. The Division serves as a liaison to vendors as well as other state and federal agencies. This Division also disburses funds to local school districts on behalf of the Department.

The aggregated employer matching contribution on behalf of those Department of Education employees belonging to the Teachers' Retirement System is budgeted within and administered by this division.

EDUCATION
Management Support Services
Office of Internal Administration
Personnel Services

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	381,500	495,500	507,000	465,300	489,000
Restricted Agency Funds					
Balance Forward	500				
Non-Revenue Receipts	26,000	27,500	28,000	25,800	27,000
Total Restricted Agency Funds	<u>26,500</u>	<u>27,500</u>	<u>28,000</u>	<u>25,800</u>	<u>27,000</u>
TOTAL FUNDS	<u>408,000</u>	<u>523,000</u>	<u>535,000</u>	<u>491,100</u>	<u>516,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	408,000	523,000	535,000	491,100	516,000

The Division of Personnel Services is charged with responsibility for maintaining the personnel and payroll system for the Department of Education. The Division also has responsibility for minority recruitment programs, employee wellness programs, and coordinating employee training through the Governmental Services Center.

EDUCATION
Management Support Services
District Support Services

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	252,439,000	263,006,000	278,320,500	258,877,500	273,432,700
Restricted Agency Funds					
Balance Forward	38,500	25,000	15,000	25,000	15,000
Current Receipts	79,000	85,000	88,000	85,000	88,000
Total Restricted Agency Funds	117,500	110,000	103,000	110,000	103,000
Federal Funds					
Balance Forward	1,500				9,800
Current Receipts	130,454,000	134,354,000	138,369,500	134,354,000	138,369,500
Revenue Redistribution	-500,000	-500,000	-500,000	-500,000	-500,000
Total Federal Funds	129,955,500	133,854,000	137,869,500	133,854,000	137,879,300
TOTAL FUNDS	382,512,000	396,970,000	416,293,000	392,841,500	411,415,000
EXPENDITURES BY CLASS					
Personnel Costs	3,350,000	3,967,500	4,167,500	3,695,000	3,884,100
Operating Expenses	1,215,500	1,508,000	1,514,000	1,405,700	1,432,500
Grants, Loans or Benefits	377,913,500	391,479,500	410,606,500	387,716,000	406,058,600
Capital Outlay	8,000				
TOTAL EXPENDITURES	382,487,000	396,955,000	416,288,000	392,816,700	411,375,200
EXPENDITURES BY UNIT					
Associate Commissioner	334,500	795,000	826,000	694,500	707,500
Finance	246,977,500	255,946,500	271,033,500	252,328,600	266,348,900
Facilities Management	438,000	542,500	568,500	474,900	497,400
Pupil Transportation	709,500	1,497,000	1,541,000	1,453,000	1,527,400
School and Community Nutrition	134,027,500	138,174,000	142,319,000	137,865,700	142,294,000
TOTAL EXPENDITURES	382,487,000	396,955,000	416,288,000	392,816,700	411,375,200

The Office of District Support Services provides administrative and technical assistance on behalf of local school districts throughout the state and consists of the following divisions: Finance, Facilities Management, School and Community Nutrition Services, and Pupil Transportation.

EDUCATION
Management Support Services
District Support Services
Associate Commissioner

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	334,500	795,000	826,000	694,500	707,500
EXPENDITURES BY CLASS					
Personnel Costs	309,000	660,500	687,500	599,000	627,000
Operating Expenses	25,500	134,500	138,500	95,500	80,500
TOTAL EXPENDITURES	<u>334,500</u>	<u>795,000</u>	<u>826,000</u>	<u>694,500</u>	<u>707,500</u>
EXPENDITURES BY UNIT					
Program Support	334,500	372,000	384,000	294,500	307,500
Audit Unit		423,000	442,000	400,000	400,000
TOTAL EXPENDITURES	<u>334,500</u>	<u>795,000</u>	<u>826,000</u>	<u>694,500</u>	<u>707,500</u>

The Associate Commissioner for District Support Services reports to the Commissioner of Education through the Deputy Commissioner for Management Support Services. The Associate Commissioner is responsible for directing the work of and providing policy direction to the following divisions: Finance, Facilities Management, Pupil Transportation, and School and Community Nutrition.

Policy

The Governor's recommended budget provides funding (\$400,000 in General Funds each year of the 1998-2000 biennium) for the establishment of a Division of School Audits. This new unit will work with local school districts, independent auditors and the State Committee for School District Audits to, among other activities, more effectively monitor and review the local school district annual audit process. The new audit division will conduct follow-up findings, work to develop "Best Practices" guidelines and other management tools for local districts. Staff of the new Division will also work with local district staff in implementation of the new double-entry, fund-based local district accounting system and associated software.

EDUCATION
Management Support Services
District Support Services
Finance

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	246,977,500	255,946,500	271,033,500	252,328,600	267,027,900
EXPENDITURES BY CLASS					
Personnel Costs	1,215,000	1,341,500	1,411,500	1,195,000	1,257,500
Operating Expenses	151,000	241,000	236,000	226,100	230,400
Grants, Loans or Benefits	245,603,500	254,364,000	269,386,000	250,907,500	265,540,000
Capital Outlay	8,000				
TOTAL EXPENDITURES	246,977,500	255,946,500	271,033,500	252,328,600	267,027,900
EXPENDITURES BY UNIT					
Program Services	1,124,000	1,254,000	1,307,000	1,164,600	1,223,400
District Administrative System	250,000	256,500	264,500	256,500	264,500
Local District Programs	35,061,500	37,020,500	38,089,000	33,564,000	34,243,000
Local District Health and Life Insurance	210,542,000	217,415,500	231,373,000	217,343,500	231,297,000
TOTAL EXPENDITURES	246,977,500	255,946,500	271,033,500	252,328,600	267,027,900

The Division of Finance's objectives include: the provision of technical assistance to 176 local school districts on matters of budgeting, accounting, reporting and composing salary schedules; distribution of state SEEK funds to local districts; providing guidance in planning the financing of local school building construction and providing other financial management and accounting assistance.

The Division of Finance, through the Out-of-District program, provides funds to defray the costs of educating students placed through the courts or appropriate state agencies in treatment programs outside the school district where their parents or guardians reside.

The State School Audit Committee is provided funds to reimburse the state share of the cost of the annual audits of various local school district accounts. These funds are budgeted within the Division of Finance, which also receives, reviews, analyzes, and corrects any exceptions noted in the audits.

The Division of Finance has responsibility for administering the program, providing qualified and participating local school district employees with health and life insurance coverage.

Policy

The Governor's recommended budget includes continued General Fund support in the amount of \$9,500,000 in both fiscal years for the 1998-2000 biennium for the Out-of-District program. This funding is devoted to costs associated with children/students residing in state day treatment and residential facilities as well as children/students residing in private care facilities. Note: funding related to the establishment of new day treatment/education programs mandated by the 1996 General Assembly is recommended and budgeted within the Department of Juvenile Justice within the Corrections Cabinet; recommended funding is \$1,500,000 in General Funds each fiscal year of the 1998-2000 biennium.

The Governor's recommended budget includes sufficient funding in fiscal year 2000 (\$1,100,000 in General Funds) to fully fund the agency request relative to the state's share (50 percent) of the cost of local school district audits.

The Governor's recommended budget includes \$23,643,000 in each fiscal year of the 1998-2000 biennium to continue state support for the P-8 textbook/instructional materials program.

The Governor's recommended budget includes \$214,341,000 in fiscal 1999 and \$228,267,500 in fiscal 2000 to fund the request relative to health insurance coverage for the number of participating local school district employees as projected by the Department of Education. The Governor's recommended budget also includes \$3,002,500 in fiscal 1999 and \$3,029,500 in fiscal 2000 to fund the request relative to life insurance coverage for the above-referenced group of employees.

EDUCATION
Management Support Services
District Support Services
Facilities Management

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	438,000	542,500	568,500	474,900	497,400
EXPENDITURES BY CLASS					
Personnel Costs	403,000	502,000	527,000	438,800	460,200
Operating Expenses	35,000	40,500	41,500	36,100	37,200
TOTAL EXPENDITURES	438,000	542,500	568,500	474,900	497,400

The Division of Facilities Management reviews, oversees, and approves all new buildings, additions, and alterations of existing public school buildings. This division also provides guidance in preparing each local district's facility plan and assists in updating and amending district plans. The Division of Facilities Management also compiles information concerning construction needs each biennium for use by the School Facilities Construction Commission.

EDUCATION
Management Support Services
District Support Services
Pupil Transportation

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	617,000	1,402,000	1,443,000	1,358,000	1,429,400
Restricted Agency Funds					
Balance Forward	38,500	25,000	15,000	25,000	15,000
Current Receipts	79,000	85,000	88,000	85,000	88,000
Total Restricted Agency Funds	117,500	110,000	103,000	110,000	103,000
TOTAL FUNDS	734,500	1,512,000	1,546,000	1,468,000	1,532,400
EXPENDITURES BY CLASS					
Personnel Costs	307,000	330,000	350,500	330,000	350,500
Operating Expenses	92,500	180,000	185,000	136,000	171,400
Grants, Loans or Benefits	310,000	987,000	1,005,500	987,000	1,005,500
TOTAL EXPENDITURES	709,500	1,497,000	1,541,000	1,453,000	1,527,400

The Division of Pupil Transportation provides technical assistance as well as regulatory and coordination services to local school districts to facilitate the safe and efficient transporting of pupils to and from school. The Division also sets forth the procedures for centralized purchasing of school buses through established price contract agreements. Additionally, the Division provides training for instructors, bus inspectors, and drivers.

Note: Funding (\$721,000 in General Funds in fiscal year 1999 and \$742,500 in General Funds in fiscal year 2000) for weekend trips home by students of the Kentucky School for the Blind and the Kentucky School for the Deaf is now budgeted within this program area. The funding was formerly budgeted within the Exceptional Children Services Program within Learning Support Services/Special Instructional Services.

EDUCATION
Management Support Services
District Support Services
School and Community Nutrition

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,072,000	4,320,000	4,449,500	4,021,500	4,449,500
Federal Funds					
Balance Forward	1,500				9,800
Current Receipts	130,454,000	134,354,000	138,369,500	134,354,000	138,369,500
Revenue Redistribution	-500,000	-500,000	-500,000	-500,000	-500,000
Total Federal Funds	<u>129,955,500</u>	<u>133,854,000</u>	<u>137,869,500</u>	<u>133,854,000</u>	<u>137,879,300</u>
TOTAL FUNDS	<u>134,027,500</u>	<u>138,174,000</u>	<u>142,319,000</u>	<u>137,875,500</u>	<u>142,328,800</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,116,000	1,133,500	1,191,000	1,132,200	1,188,900
Operating Expenses	911,500	912,000	913,000	912,000	913,000
Grants, Loans or Benefits	132,000,000	136,128,500	140,215,000	135,821,500	140,192,100
TOTAL EXPENDITURES	<u>134,027,500</u>	<u>138,174,000</u>	<u>142,319,000</u>	<u>137,865,700</u>	<u>142,294,000</u>

The Division of School and Community Nutrition oversees the administration of the following National School Lunch Act and Child Nutrition Act programs in local school districts and other eligible agencies: National School Lunch Program, School Breakfast Program; Special Milk Program, Child Care Food Program, Summer Food Service Program, and the Nutrition Education and Training Program. Approximately 1,600 Kentucky schools (public and non-public) participate in one or more of these programs.

EDUCATION
Learning Results Services

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	31,220,600	38,205,500	39,025,500	35,157,800	35,756,900
Restricted Agency Funds					
Balance Forward	79,500	21,500	21,500	21,500	21,500
Current Receipts	142,500	146,000	148,500	146,000	148,500
Total Restricted Agency Funds	222,000	167,500	170,000	167,500	170,000
Federal Funds					
Balance Forward	5,500				
Current Receipts	2,288,500				
Total Federal Funds	2,294,000				
TOTAL FUNDS	33,736,600	38,373,000	39,195,500	35,325,300	35,926,900
EXPENDITURES BY CLASS					
Personnel Costs	16,659,000	21,503,000	22,220,000	20,588,300	21,063,400
Operating Expenses	1,157,600	2,810,500	2,834,000	1,107,000	1,138,500
Grants, Loans or Benefits	15,898,500	14,038,000	14,122,000	13,608,500	13,705,500
TOTAL EXPENDITURES	33,715,100	38,351,500	39,176,000	35,303,800	35,907,400
EXPENDITURES BY UNIT					
Deputy Commissioner	2,597,100	251,000	258,500	244,800	252,800
Curriculum, Assessment, and Development	11,651,500	12,287,000	12,656,000	11,950,500	12,135,100
Regional Assistance	19,466,500	25,813,500	26,261,500	23,183,500	23,594,500
EMPOWER Kentucky General Fund Savings				-75,000	-75,000
TOTAL EXPENDITURES	33,715,100	38,351,500	39,176,000	35,303,800	35,907,400

The Learning Results major program area is headed by a Deputy Commissioner and consists of the Office of Curriculum, Assessment, and Accountability, and the Office of Regional Assistance.

EDUCATION
Learning Results Services
Deputy Commissioner

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	244,600	251,000	258,500	244,800	252,800
Restricted Agency Funds					
Balance Forward	58,500				
Federal Funds					
Balance Forward	5,500				
Current Receipts	2,288,500				
Total Federal Funds	2,294,000				
TOTAL FUNDS	2,597,100	251,000	258,500	244,800	252,800
EXPENDITURES BY CLASS					
Personnel Costs	229,000	215,000	222,500	208,800	216,800
Operating Expenses	74,100	36,000	36,000	36,000	36,000
Grants, Loans or Benefits	2,294,000				
TOTAL EXPENDITURES	2,597,100	251,000	258,500	244,800	252,800

The Learning Results Services/Deputy Commissioner area consists of the Deputy Commissioner and associated staff who provide policy and administrative direction for the Learning Results major program area. The Deputy Commissioner reports directly to the Commissioner of Education.

EDUCATION
Learning Results Services
Curriculum, Assessment, and Accountability

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,651,500	12,287,000	12,656,000	11,950,500	12,135,100
Restricted Agency Funds					
Balance Forward	17,000	17,000	17,000	17,000	17,000
TOTAL FUNDS	<u>11,668,500</u>	<u>12,304,000</u>	<u>12,673,000</u>	<u>11,967,500</u>	<u>12,152,100</u>
EXPENDITURES BY CLASS					
Personnel Costs	10,141,500	10,304,500	10,652,000	10,443,000	10,608,200
Operating Expenses	545,000	680,500	695,000	542,500	561,900
Grants, Loans or Benefits	965,000	1,302,000	1,309,000	965,000	965,000
TOTAL EXPENDITURES	<u>11,651,500</u>	<u>12,287,000</u>	<u>12,656,000</u>	<u>11,950,500</u>	<u>12,135,100</u>
EXPENDITURES BY UNIT					
Associate Commissioner	211,500	464,000	471,000	213,600	223,400
Assessment Development	375,000	622,500	660,500	605,400	637,800
Assessment Implementation	8,554,500	8,635,500	8,895,000	8,602,600	8,675,900
Curriculum	2,510,500	2,565,000	2,629,500	2,528,900	2,598,000
TOTAL EXPENDITURES	<u>11,651,500</u>	<u>12,287,000</u>	<u>12,656,000</u>	<u>11,950,500</u>	<u>12,135,100</u>

The Office of Curriculum, Assessment, and Accountability is responsible for developing and implementing a performance-based, learning-driven assessment program which will clarify performance expectations for students, and focus curriculum, instruction and professional development on Kentucky's student academic expectations. The primary strategies to achieve this office's mission are as follows: developing the student assessment program; developing tasks to support the academic expectations; enabling local educators to develop and conduct their own assessments; interpreting the results and using the information to change learning methods and activities.

The Office consists of the following divisions: Associate Commissioner; Assessment Development; Assessment Implementation; and Curriculum.

EDUCATION
Learning Results Services
Curriculum, Assessment and Accountability
Associate Commissioner

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	211,500	464,000	471,000	213,600	223,400
EXPENDITURES BY CLASS					
Personnel Costs	204,500	168,500	177,000	168,100	176,500
Operating Expenses	7,000	170,500	169,000	45,500	46,900
Grants, Loans or Benefits		125,000	125,000		
TOTAL EXPENDITURES	211,500	464,000	471,000	213,600	223,400

The Associate Commissioner and related staff provide support and guidance to the divisions of the Office of Curriculum, Assessment, and Accountability. The Associate Commissioner reports to the Commissioner of Education through the Deputy Commissioner for Learning Results Services.

EDUCATION
Learning Results Services
Curriculum, Assessment and Accountability
Assessment Development

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	375,000	622,500	660,500	605,400	637,800
EXPENDITURES BY CLASS					
Personnel Costs	266,000	493,000	530,000	488,900	518,300
Operating Expenses	89,000	109,500	110,500	96,500	99,500
Grants, Loans or Benefits	20,000	20,000	20,000	20,000	20,000
TOTAL EXPENDITURES	375,000	622,500	660,500	605,400	637,800

The Assessment Development Division is primarily responsible, in conjunction with the Assessment Implementation Division, for development and administration of the statewide performance-based student assessment test.

EDUCATION
Learning Results Services
Curriculum, Assessment and Accountability
Assessment Implementation

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,554,500	8,635,500	8,895,000	8,602,600	8,675,900
EXPENDITURES BY CLASS					
Personnel Costs	8,505,000	8,373,500	8,624,500	8,552,600	8,624,400
Operating Expenses	49,500	50,000	51,500	50,000	51,500
Grants, Loans or Benefits		212,000	219,000		
TOTAL EXPENDITURES	8,554,500	8,635,500	8,895,000	8,602,600	8,675,900
EXPENDITURES BY UNIT					
Program Support	454,500	721,000	743,500	502,600	524,400
Assessment - KERA	8,100,000	7,914,500	8,151,500	8,100,000	8,151,500
TOTAL EXPENDITURES	8,554,500	8,635,500	8,895,000	8,602,600	8,675,900

This division provides technical assistance to local schools and districts through the following:

- implementation and administration of the Kentucky Instructional Results Informational Systems (KIRIS) assessment at the currently mandated grades of 4, 5, 7, 8, 11, and 12;
- supervision and support of the student testing contractors and subcontractors;
- technical assistance in establishing continuous assessment strategies to all school districts;
- coordination of Kentucky's participation in the National Assessment of Educational Progress (NAEP);
- staff development activities that facilitate the implementation of performance-based instruction and assessment; and
- field testing, with the Assessment Development Division, of performance-based assessments.

The Kentucky Education Reform Act (KERA) directed the Department of Education to administer a statewide performance-based student assessment test. This is the seventh year for the development of an assessment testing process that measures students' mastery of the academic expectations established by the Council on School Performance Standards. The assessment testing consists of open-response questions, performance events, and portfolios of students' writing. Student testing began on an annual basis in 1992. Each school's two-year average of the testing in 1993 and 1994 was compared with its own two-year average of the testing in 1995 and 1996 (Cycle II) and rewards in the amount of approximately \$29 million were distributed.

Policy

The Governor's recommendation includes a total of \$8.1 million in fiscal year 1999 and approximately \$8.2 million in fiscal year 2000 in General Funds for the continued development, modification based upon identified need for improvement, and implementation of the performance-based student assessment test.

EDUCATION
Learning Results Services
Curriculum, Assessment and Accountability
Curriculum

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,510,500	2,565,000	2,629,500	2,528,900	2,598,000
Restricted Agency Funds					
Balance Forward	17,000	17,000	17,000	17,000	17,000
TOTAL FUNDS	2,527,500	2,582,000	2,646,500	2,545,900	2,615,000
EXPENDITURES BY CLASS					
Personnel Costs	1,166,000	1,269,500	1,320,500	1,233,400	1,289,000
Operating Expenses	399,500	350,500	364,000	350,500	364,000
Grants, Loans or Benefits	945,000	945,000	945,000	945,000	945,000
TOTAL EXPENDITURES	2,510,500	2,565,000	2,629,500	2,528,900	2,598,000
EXPENDITURES BY UNIT					
Program Support	709,500	750,000	784,500	739,400	775,100
Writing Program	1,801,000	1,815,000	1,845,000	1,789,500	1,822,900
TOTAL EXPENDITURES	2,510,500	2,565,000	2,629,500	2,528,900	2,598,000

The Curriculum Division developed the curriculum framework based on the academic expectations mandated by the Kentucky Education Reform Act (KERA). The Division now provides guidance and support to schools by:

- developing curriculum aligned with academic expectations and standards and assessments; and
- providing resource information that enhances classroom instruction, such as course outlines and instructional units.

The Curriculum Development Division also coordinates textbook and instructional materials services for the Department of Education and local school districts.

To help accomplish the above goals, the Division utilizes staff and program support associated with the Regional Service Centers.

EDUCATION
Learning Results Services
Regional Assistance

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	19,324,500	25,667,500	26,111,000	23,037,500	23,444,000
Restricted Agency Funds					
Balance Forward	4,000	4,500	4,500	4,500	4,500
Current Receipts	142,500	146,000	148,500	146,000	148,500
Total Restricted Agency Funds	<u>146,500</u>	<u>150,500</u>	<u>153,000</u>	<u>150,500</u>	<u>153,000</u>
TOTAL FUNDS	<u>19,471,000</u>	<u>25,818,000</u>	<u>26,264,000</u>	<u>23,188,000</u>	<u>23,597,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	6,288,500	10,983,500	11,345,500	9,991,500	10,293,400
Operating Expenses	538,500	2,094,000	2,103,000	548,500	560,600
Grants, Loans or Benefits	12,639,500	12,736,000	12,813,000	12,643,500	12,740,500
TOTAL EXPENDITURES	<u>19,466,500</u>	<u>25,813,500</u>	<u>26,261,500</u>	<u>23,183,500</u>	<u>23,594,500</u>
EXPENDITURES BY UNIT					
Associate Commissioner	290,000	296,000	305,000	296,000	305,000
Regional Service Centers	2,238,000	2,436,000	2,509,500	2,436,000	2,509,500
School Improvement	16,938,500	23,081,500	23,447,000	20,451,500	20,780,000
TOTAL EXPENDITURES	<u>19,466,500</u>	<u>25,813,500</u>	<u>26,261,500</u>	<u>23,183,500</u>	<u>23,594,500</u>

The Office of Regional Assistance supports and provides technical assistance to schools in achieving expected performance levels through the work of the Regional Service Centers and the Division of School Improvement.

EDUCATION
Learning Results Services
Regional Assistance
Associate Commissioner

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	290,000	296,000	305,000	296,000	305,000
EXPENDITURES BY CLASS					
Personnel Costs	233,000	251,000	262,000	251,000	262,000
Operating Expenses	57,000	45,000	43,000	45,000	43,000
TOTAL EXPENDITURES	<u>290,000</u>	<u>296,000</u>	<u>305,000</u>	<u>296,000</u>	<u>305,000</u>

The Associate Commissioner and related staff provide support and guidance to the Divisions of the Office of Regional Assistance. The Associate Commissioner reports to the Commissioner of Education through the Deputy Commissioner for Learning Results Services.

EDUCATION
Learning Results Services
Regional Assistance
Regional Service Centers

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,238,000	2,436,000	2,509,500	2,436,000	2,509,500
EXPENDITURES BY CLASS					
Personnel Costs	1,761,000	1,951,000	2,025,000	1,951,000	2,025,000
Operating Expenses	277,000	285,000	284,500	285,000	284,500
Grants, Loans or Benefits	200,000	200,000	200,000	200,000	200,000
TOTAL EXPENDITURES	2,238,000	2,436,000	2,509,500	2,436,000	2,509,500

Regional Service Centers serving different areas of the state provide training and technical assistance to districts on implementing the Kentucky Education Reform Act programs. The Centers offer services in the following areas: curriculum alignment and assessment, preschool and primary school, instructional technology, school-based decision making, and family and youth services. In addition to providing services directly to the districts, the Centers ensure that teachers are receiving needed professional development training. In so doing, the Regional Service Centers work closely with educational consortia to ensure that training being provided is relevant and responsive to the teacher's needs.

EDUCATION
Learning Results Services
Regional Assistance
School Improvement

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	16,796,500	22,935,500	23,296,500	20,305,500	20,629,500
Restricted Agency Funds					
Balance Forward	4,000	4,500	4,500	4,500	4,500
Current Receipts	142,500	146,000	148,500	146,000	148,500
Total Restricted Agency Funds	146,500	150,500	153,000	150,500	153,000
TOTAL FUNDS	16,943,000	23,086,000	23,449,500	20,456,000	20,782,500
EXPENDITURES BY CLASS					
Personnel Costs	4,294,500	8,781,500	9,058,500	7,789,500	8,006,400
Operating Expenses	204,500	1,764,000	1,775,500	218,500	233,100
Grants, Loans or Benefits	12,439,500	12,536,000	12,613,000	12,443,500	12,540,500
TOTAL EXPENDITURES	16,938,500	23,081,500	23,447,000	20,451,500	20,780,000
EXPENDITURES BY UNIT					
Program Services	474,500	392,000	420,000	392,000	420,000
School Rewards - KERA	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Commonwealth School Improvement Fund - KERA	2,500,000	2,652,000	2,732,500	2,559,500	2,660,000
Distinguished Educators - KERA	3,964,000	10,037,500	10,294,500	7,500,000	7,700,000
TOTAL EXPENDITURES	16,938,500	23,081,500	23,447,000	20,451,500	20,780,000

The Division of School Improvement supports and provides technical assistance to schools that fail to achieve expected performance levels and provides rewards to schools that achieve higher than expected performance levels on the statewide assessment.

Commonwealth School Improvement Fund/Distinguished Educators - Based on the accountability index and accompanying baselines/thresholds (derived from 1997 and 1998 KIRIS test scores and non-cognitive data such as dropout rates compared to the average of 1995 and 1996 test scores and non-cognitive data), schools will be assessed in the fall of 1998. The Kentucky Board of Education has adopted a formula recommended by the Department of Education to determine when a school is either eligible for special state assistance or subject to sanctions. This assistance will take the form of the services of a Distinguished Educator who will work with the school to develop and implement an improvement plan and a grant from the Commonwealth School Improvement Fund to help formulate/implement its plan.

School Rewards - As part of House Bill 940/Kentucky Education Reform Act, the 1990 General Assembly established a School Rewards program. Appropriations have been made during each biennium since 1990-1992 to the Successful Schools Trust Fund. It is estimated that there will be approximately \$36 million in the fund at the end of fiscal year 1998.

Policy

The Governor's recommended budget adheres to current policy of limiting the salary supplement of Distinguished Educators to 35 percent of their annual salary for each year of service in that capacity. This salary supplement is not be included in the total salary compensation calculation for any cost-of-living adjustment or retirement benefits to which the employee may be entitled.

The Governor's recommended budget provides personnel costs for the 49 STAR Distinguished Educators (DE), the five sabbatical DE's working in the Department, and the part-time trainer all currently being funded from various sources in the Department. In addition, there is approximately \$3.2 million in fiscal year 1999 and approximately \$3.3 million in fiscal year 2000 available to fund the personnel, training, and travel costs of approximately 35 additional DE's during the biennium.

EDUCATION
Learning Support Services

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	164,455,800	188,851,000	203,334,500	172,433,200	192,894,200
Continuing Appropriation	224,900				
Total General Fund	<u>164,680,700</u>	<u>188,851,000</u>	<u>203,334,500</u>	<u>172,433,200</u>	<u>192,894,200</u>
Restricted Agency Funds					
Balance Forward	706,000	560,500	478,000	560,500	478,000
Current Receipts	1,353,500	1,399,500	1,517,000	1,399,500	1,517,000
Non-Revenue Receipts	599,000	618,000	636,500	618,000	636,500
Total Restricted Agency Funds	<u>2,658,500</u>	<u>2,578,000</u>	<u>2,631,500</u>	<u>2,578,000</u>	<u>2,631,500</u>
Federal Funds					
Balance Forward	159,000	120,500	103,500	120,500	103,500
Current Receipts	199,440,500	205,390,500	211,536,000	205,390,500	211,536,000
Non-Revenue Receipts	679,500	719,500	745,000	719,500	745,000
Revenue Redistribution	6,700,000	6,900,500	7,108,000	6,900,500	7,108,000
Total Federal Funds	<u>206,979,000</u>	<u>213,131,000</u>	<u>219,492,500</u>	<u>213,131,000</u>	<u>219,492,500</u>
TOTAL FUNDS	<u>374,318,200</u>	<u>404,560,000</u>	<u>425,458,500</u>	<u>388,142,200</u>	<u>415,018,200</u>
EXPENDITURES BY CLASS					
Personnel Costs	21,567,500	24,499,000	25,821,500	22,607,300	23,868,500
Operating Expenses	6,298,500	8,537,500	8,317,000	6,499,400	6,731,400
Grants, Loans or Benefits	345,678,200	370,752,500	390,774,000	358,454,000	383,872,300
Capital Outlay	93,000	189,500			
TOTAL EXPENDITURES	<u>373,637,200</u>	<u>403,978,500</u>	<u>424,912,500</u>	<u>387,560,700</u>	<u>414,472,200</u>
EXPENDITURES BY UNIT					
Deputy Commissioner	529,700	810,000	826,000	5,555,100	10,574,600
Learning Program Development	163,373,500	181,666,000	196,156,000	164,460,900	178,528,100
Special Instructional Services	201,872,500	209,244,500	215,476,500	208,858,900	215,162,900
Teacher Education and Certification	7,861,500	12,258,000	12,454,000	8,810,800	10,396,600
EMPOWER Kentucky General Fund Savings				-125,000	-190,000
TOTAL EXPENDITURES	<u>373,637,200</u>	<u>403,978,500</u>	<u>424,912,500</u>	<u>387,560,700</u>	<u>414,472,200</u>

The Learning Support Services program is headed by a Deputy Commissioner and consists of the Office of Learning Program Development, Office of Special Instructional Services, and the Office of Teacher Education and Certification.

EDUCATION
Learning Support Services
Deputy Commissioner

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	264,000	536,500	545,000	5,281,600	10,293,600
Federal Funds					
Balance Forward	23,500	8,000	7,500	8,000	7,500
Current Receipts	250,000	273,000	279,500	273,000	279,500
Total Federal Funds	273,500	281,000	287,000	281,000	287,000
TOTAL FUNDS	537,500	817,500	832,000	5,562,600	10,580,600
EXPENDITURES BY CLASS					
Personnel Costs	349,000	365,000	385,500	364,500	384,100
Operating Expenses	105,500	120,000	115,500	115,600	115,500
Grants, Loans or Benefits	75,000	325,000	325,000	5,075,000	10,075,000
TOTAL EXPENDITURES	529,500	810,000	826,000	5,555,100	10,574,600
EXPENDITURES BY UNIT					
Policy Support	264,000	536,500	545,000	281,600	293,600
Head Start	179,500	184,500	190,000	184,500	190,000
National Cooperative Education System	86,000	89,000	91,000	89,000	91,000
Safe Schools				5,000,000	10,000,000
TOTAL EXPENDITURES	529,500	810,000	826,000	5,555,100	10,574,600

The Deputy Commissioner and associated support staff provide policy and administrative direction for the Learning Support Services major program area. The Deputy Commissioner reports directly to the Commissioner of Education.

Policy

The Governor's recommended budget includes five million dollars in General Funds in fiscal year 1999 and \$10 million in General Funds in fiscal year 2000 for the development and implementation of a Safe Schools initiative. The recommended funding will permit the establishment of an institute to study school safety, train school personnel and carry out pilot projects to combat violence in Kentucky schools. Additionally, it is envisioned that the Safe Schools initiative will include grants to local schools and districts to reduce classroom disruption and promote school safety. The grants will focus on comprehensive planning to deal with school safety and discipline issues and also emphasize parental and community engagement. Finally, the Safe Schools initiative will stress the development of day treatment programs through intensive educational and therapeutic components.

EDUCATION
Learning Support Services
Learning Program Development

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	149,972,000	168,578,000	182,677,500	151,372,900	165,049,600
Restricted Agency Funds					
Balance Forward	330,000	287,000	284,500	287,000	284,500
Current Receipts	242,500	229,500	266,000	229,500	266,000
Non-Revenue Receipts	599,000				
Total Restricted Agency Funds	<u>1,171,500</u>	<u>516,500</u>	<u>550,500</u>	<u>516,500</u>	<u>550,500</u>
Federal Funds					
Balance Forward	1,000	42,500	25,500	42,500	25,500
Current Receipts	12,539,000	12,797,000	13,180,000	12,797,000	13,180,000
Non-Revenue Receipts	19,500	42,000	42,000	42,000	42,000
Total Federal Funds	<u>12,559,500</u>	<u>12,881,500</u>	<u>13,247,500</u>	<u>12,881,500</u>	<u>13,247,500</u>
TOTAL FUNDS	<u>163,703,000</u>	<u>181,976,000</u>	<u>196,475,500</u>	<u>164,770,900</u>	<u>178,847,600</u>
EXPENDITURES BY CLASS					
Personnel Costs	14,499,500	16,782,000	17,721,500	15,211,400	16,167,000
Operating Expenses	2,290,000	3,499,000	3,154,000	2,419,200	2,461,700
Grants, Loans or Benefits	146,491,000	161,195,500	175,280,500	146,830,300	159,899,400
Capital Outlay	93,000	189,500			
TOTAL EXPENDITURES	<u>163,373,500</u>	<u>181,666,000</u>	<u>196,156,000</u>	<u>164,460,900</u>	<u>178,528,100</u>
EXPENDITURES BY UNIT					
Associate Commissioner	228,000	276,000	289,500	276,100	289,500
Primary Education	2,089,500	2,142,000	2,210,500	2,125,700	2,193,000
Preschool Education	49,295,500	54,286,000	59,433,500	50,310,500	55,649,000
School-Based Decision Making	398,000	404,500	417,000	399,600	416,000
Professional Development	22,392,000	23,694,500	24,405,500	22,447,000	24,430,700
Student and Family Support	75,922,000	85,041,500	93,200,500	75,420,500	81,246,700
Kentucky School for the Blind	4,867,500	5,608,500	5,509,000	5,005,600	5,260,300
Kentucky School for the Deaf	8,181,000	10,213,000	10,690,500	8,475,900	9,042,900
TOTAL EXPENDITURES	<u>163,373,500</u>	<u>181,666,000</u>	<u>196,156,000</u>	<u>164,460,900</u>	<u>178,528,100</u>

The Office of Learning Program Development consists of five divisions: Primary Education; Preschool; School-Based Decision Making; Student/Family Support Services; and Professional Development. Pursuant to Executive Order 95-112 ratified by the 1996 General Assembly, the Kentucky School for the Blind and the Kentucky School for the Deaf are also located within this Office for organizational and liaison purposes.

EDUCATION
Learning Support Services
Learning Program Development
Associate Commissioner

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	228,000	276,000	289,500	276,100	289,500
EXPENDITURES BY CLASS					
Personnel Costs	221,500	266,000	279,500	266,100	279,500
Operating Expenses	6,500	10,000	10,000	10,000	10,000
TOTAL EXPENDITURES	<u>228,000</u>	<u>276,000</u>	<u>289,500</u>	<u>276,100</u>	<u>289,500</u>

The Associate Commissioner and related staff provide support and guidance to the Divisions of the Office of Learning Program Development. The Associate Commissioner reports to the Commissioner of Education through the Deputy Commissioner for Learning Support Services.

EDUCATION
Learning Support Services
Learning Program Development
Primary Education

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	311,500	339,000	353,500	322,700	336,000
Restricted Agency Funds					
Current Receipts	27,500				
Federal Funds					
Balance Forward		1,000	1,000	1,000	1,000
Current Receipts	1,751,500	1,803,000	1,857,000	1,803,000	1,857,000
Total Federal Funds	1,751,500	1,804,000	1,858,000	1,804,000	1,858,000
TOTAL FUNDS	2,090,500	2,143,000	2,211,500	2,126,700	2,194,000
EXPENDITURES BY CLASS					
Personnel Costs	301,500	315,500	329,000	307,900	320,900
Operating Expenses	95,000	84,000	87,000	75,300	77,600
Grants, Loans or Benefits	1,693,000	1,742,500	1,794,500	1,742,500	1,794,500
TOTAL EXPENDITURES	2,089,500	2,142,000	2,210,500	2,125,700	2,193,000

The Primary Education Division is responsible for technical assistance and support to local school districts in implementing the ungraded primary program.

The ungraded primary concept abolishes traditional grade levels, K-3, for the purpose of combining children into multi-age groupings based on their skill level. The important features of the ungraded primary program are: students receive developmentally appropriate instruction; students progress at their own rate without threat of retention; continual assessment of the student by the teacher(s); and team teaching by teachers. The Governor's recommendation assumes continuation of existing policy which permits the school council or, if none exists, the school, to determine the organization of its ungraded primary including the extent to which multi-age groupings are necessary to implement the critical attributes.

EDUCATION
Learning Support Services
Learning Programs Development
Preschool Education

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	39,258,000	43,947,500	48,784,500	39,972,000	45,000,000
Federal Funds					
Balance Forward	500	1,500	1,500	1,500	1,500
Current Receipts	10,038,500	10,338,500	10,648,500	10,338,500	10,648,500
Total Federal Funds	10,039,000	10,340,000	10,650,000	10,340,000	10,650,000
TOTAL FUNDS	49,297,000	54,287,500	59,434,500	50,312,000	55,650,000
EXPENDITURES BY CLASS					
Personnel Costs	389,500	521,000	547,000	470,400	493,900
Operating Expenses	100,500	131,000	127,500	92,300	89,700
Grants, Loans or Benefits	48,805,500	53,634,000	58,759,000	49,747,800	55,065,400
TOTAL EXPENDITURES	49,295,500	54,286,000	59,433,500	50,310,500	55,649,000
EXPENDITURES BY UNIT					
Prekindergarten - KERA	39,258,000	43,947,500	48,784,500	39,972,000	45,000,000
Federal Early Childhood	10,037,500	10,338,500	10,649,000	10,338,500	10,649,000
TOTAL EXPENDITURES	49,295,500	54,286,000	59,433,500	50,310,500	55,649,000

The Kentucky Education Reform Act mandates that school districts provide a half-day preschool program for children considered at risk of educational failure (defined as being eligible for free lunch under the federal guidelines). Districts are also under a federal mandate to provide preschool services to all three- and four-year old children with disabilities. Districts receive federal funding for early childhood programs for handicapped children. The federal funding supplements the funds received for the Kentucky Education Reform at-risk/preschool program. Both components are integrated into one program. Each district is to provide a developmentally appropriate program that includes at least two and one-half hours of preschool instructional programs and a half hour for a meal. Health services are also provided, including vision and developmental screenings, and a routine physical exam.

The federal Head Start grant provides funds to establish a mechanism to ensure coordination between the Head Start program and Kentucky's preschool program.

Policy

The Governor's recommended budget provides approximately \$650,000 in fiscal year 1999 and \$5.7 million in fiscal year 2000 in additional General Funds to fund the additional state-eligible children and provide increases in the per child allocations.

EDUCATION
Learning Support Services
Learning Program Development
School-Based Decision Making

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	398,000	404,500	417,000	399,600	416,000
EXPENDITURES BY CLASS					
Personnel Costs	331,000	369,000	385,500	367,200	382,700
Operating Expenses	40,000	35,500	31,500	32,400	33,300
Grants, Loans or Benefits	27,000				
TOTAL EXPENDITURES	398,000	404,500	417,000	399,600	416,000

The School-Based Decision Making Division is responsible for working with local districts and schools to establish effective school councils. This division assists school councils and local boards of education in interpreting the law concerning the powers and duties of the school councils relative to the local board of education, and also helps train and provide technical assistance to council members.

EDUCATION
Learning Support Services
Learning Programs Development
Professional Development

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	22,050,000	23,367,500	24,068,500	22,120,000	24,093,700
Restricted Agency Funds					
Balance Forward	30,500	10,000	1,500	10,000	1,500
Current Receipts	59,000	48,000	58,000	48,000	58,000
Total Restricted Agency Funds	<u>89,500</u>	<u>58,000</u>	<u>59,500</u>	<u>58,000</u>	<u>59,500</u>
Federal Funds					
Balance Forward		1,000	1,000	1,000	1,000
Current Receipts	263,500	270,500	279,000	270,500	279,000
Total Federal Funds	<u>263,500</u>	<u>271,500</u>	<u>280,000</u>	<u>271,500</u>	<u>280,000</u>
TOTAL FUNDS	<u>22,403,000</u>	<u>23,697,000</u>	<u>24,408,000</u>	<u>22,449,500</u>	<u>24,433,200</u>
EXPENDITURES BY CLASS					
Personnel Costs	798,000	795,000	831,500	843,200	882,500
Operating Expenses	307,000	399,500	405,500	368,800	379,700
Grants, Loans or Benefits	21,287,000	22,500,000	23,168,500	21,235,000	23,168,500
TOTAL EXPENDITURES	<u>22,392,000</u>	<u>23,694,500</u>	<u>24,405,500</u>	<u>22,447,000</u>	<u>24,430,700</u>
EXPENDITURES BY UNIT					
Program Services	7,054,500	7,470,500	7,694,500	7,106,100	7,719,500
Multicultural Education	275,000	265,000	273,000	265,100	272,800
Staff Development - KERA	14,500,000	15,383,000	15,844,500	14,500,000	15,844,500
Principal/Superintendent Assessment - KERA	300,000	305,500	314,500	305,300	314,900
Federal Programs	262,500	270,500	279,000	270,500	279,000
TOTAL EXPENDITURES	<u>22,392,000</u>	<u>23,694,500</u>	<u>24,405,500</u>	<u>22,447,000</u>	<u>24,430,700</u>

The Division of Professional Development is responsible for administering the principal/superintendent assessment program and staff development, and also provides direction to local school districts in the training of their personnel in the Kentucky Education Reform Act initiatives.

Principal/Superintendent Assessment - All superintendents and principals are required to complete a training and assessment program in order to continue working in the school districts. Programs offered at the Superintendent and Principal Assessment Centers include such topics as management, Kentucky school law, school finance, school-based decision making, and curriculum assessment.

Staff Development - Staff Development is provided to certified school employees on the major Kentucky Education Reform Act initiatives, including school-based decision making, performance-based student assessment, and the ungraded primary. Districts are required to join a consortium with other districts in order to effectively plan staff development activities. Funding for staff development is based on a district's average daily attendance (ADA). The statutes mandate that at least 65 percent of the funds are to be allocated to school councils to plan school-based professional development.

The Division of Professional Development also contains the Gifted and Talented program within the Program Support area.

Policy

The Governor's recommended budget fully funds the Gifted and Talented Program grants for fiscal year 2000 with an additional \$581,500 in General Funds.

The Governor's recommended budget will also fully fund the Department's request for the Staff Development grants in fiscal year 2000 with an additional \$1,344,500 in General Funds.

EDUCATION
Learning Support Services
Learning Programs Development
Student/Family Support Services

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	74,987,000	84,696,500	92,845,000	75,075,500	80,891,200
Restricted Agency Funds					
Balance Forward	1,000				
Non-Revenue Receipts	599,000				
Total Restricted Agency Funds	<u>600,000</u>				
Federal Funds					
Balance Forward		1,000	1,000	1,000	1,000
Current Receipts	336,000	345,000	354,500	345,000	354,500
Total Federal Funds	<u>336,000</u>	<u>346,000</u>	<u>355,500</u>	<u>346,000</u>	<u>355,500</u>
TOTAL FUNDS	<u>75,923,000</u>	<u>85,042,500</u>	<u>93,200,500</u>	<u>75,421,500</u>	<u>81,246,700</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,042,000	1,170,000	1,226,500	1,126,200	1,179,800
Operating Expenses	245,000	493,000	477,000	249,800	257,400
Grants, Loans or Benefits	74,635,000	83,258,500	91,497,000	74,044,500	79,809,500
Capital Outlay		120,000			
TOTAL EXPENDITURES	<u>75,922,000</u>	<u>85,041,500</u>	<u>93,200,500</u>	<u>75,420,500</u>	<u>81,246,700</u>
EXPENDITURES BY UNIT					
Program Services	1,961,000	2,034,500	2,098,000	1,521,600	2,055,900
Federal Programs	335,000	345,000	355,500	345,000	355,500
Extended School Services	34,000,000	35,809,500	36,865,500	33,933,000	36,865,500
Family Resource/Youth Service Centers - KERA	39,626,000	46,852,500	53,881,500	39,620,900	41,969,800
TOTAL EXPENDITURES	<u>75,922,000</u>	<u>85,041,500</u>	<u>93,200,500</u>	<u>75,420,500</u>	<u>81,246,700</u>

The Division of Student/Family Support Services provides technical assistance to local school districts to increase their awareness of the resources available for at-risk students as well as to offer strategies to improve the coordination of those resources and recommend ways to expand their existing array of resources. This division has responsibility relating to the following: Extended School Services, Family Resource and Youth Service Centers, various dropout prevention programs, and Community Education.

The Extended School Services program, part of the Kentucky Education Reform Act, provides services to students who need additional instruction beyond the scope of the regular classroom instruction period. Additional instructional services are provided outside of the regular school day, including before and after school sessions, evening and Saturday sessions, and summer sessions. The program instructors may provide direct instruction, tutoring, counseling, and study skill reinforcement. All local districts receive funding for Extended School Services with part of the allocation based on the district's average daily attendance, and part based upon the level of need as determined by district KIRIS assessment scores, dropout rates, and the number of students eligible for the free lunch program.

Family Resource Centers and Youth Service Centers provide services, or access services from within the community, for children and their parents. Family Resource Centers are intended to serve children who are two through twelve years of age and are located in, or near, an eligible elementary school. The Youth Service Centers are located in, or near, an eligible middle or high school. In order for a school to be eligible for a Youth or Family Center, at least 20 percent of the school's student body must qualify for free school meals (however, all children, regardless of their family's income, may receive services from the Center). The Family Resource Centers are to provide directly, or access from within the community, preschool child care for two and three year olds; after school child care for children who are four through twelve years of age; health services; training for new and expectant parents; and parent-child literacy training. The Centers also provide support to private day care providers. The Youth Service Centers are to provide directly, or referrals for, health and social services; employment counseling, training and placement; drug and alcohol abuse counseling; and mental health counseling.

Appropriations are made to the Department of Education for the Centers and then transferred to the Cabinet for Families and Children (formerly the Cabinet for Human Resources) which provides administrative support and liaison to the local districts and schools operating the Centers.

Dropout prevention services are offered via three main programs. The Appalachian Regional Commission dropout program provides resources to Appalachian counties with high dropout rates for innovative programs to keep students in school. The Job Training Partnership Act dropout program consists of remediation and career development for students at risk of dropping out or who are economically disadvantaged. Kentucky's state-funded dropout program is targeted to districts with high dropout rates and specifically targets students most vulnerable to dropping out.

The Community Education program provides funds to local districts to enable them to offer learning opportunities for persons of all ages, backgrounds, and needs and to facilitate optimal use of schools by the total community.

Policy

The Governor's recommended budget includes an additional \$200,000 in General Funds in fiscal year 2000 for Community Education Grants and \$300,000 in fiscal year 2000 for Dropout Prevention Grants.

The Governor's recommended budget fully funds the Department's request for Extended School Services in fiscal year 2000 to provide an additional \$2.9 million for grants to local school districts.

The Governor's recommended budget also includes new General Funds of approximately \$2.3 million in fiscal year 2000 for Family Resource and Youth Services Centers. This will provide for approximately 35 additional centers.

EDUCATION
Learning Support Services
Learning Programs Development
Kentucky School for the Blind

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,752,000	5,477,000	5,376,000	4,874,100	5,127,300
Restricted Agency Funds					
Balance Forward	116,000	94,500	68,000	94,500	68,000
Current Receipts	56,000	46,000	46,000	46,000	46,000
Total Restricted Agency Funds	172,000	140,500	114,000	140,500	114,000
Federal Funds					
Balance Forward	500	38,000	21,000	38,000	21,000
Current Receipts	56,000				
Non-Revenue Receipts	19,500	42,000	42,000	42,000	42,000
Total Federal Funds	76,000	80,000	63,000	80,000	63,000
TOTAL FUNDS	5,000,000	5,697,500	5,553,000	5,094,600	5,304,300
EXPENDITURES BY CLASS					
Personnel Costs	4,235,500	4,570,500	4,819,500	4,357,600	4,610,800
Operating Expenses	585,500	920,500	628,000	587,500	588,000
Grants, Loans or Benefits	43,500	60,500	61,500	60,500	61,500
Capital Outlay	3,000	57,000			
TOTAL EXPENDITURES	4,867,500	5,608,500	5,509,000	5,005,600	5,260,300
EXPENDITURES BY UNIT					
Instructional Services	2,044,500	2,665,500	2,470,000	2,069,500	2,219,900
Residential Services	965,500	1,013,000	1,047,500	1,009,300	1,047,500
Operational Support	1,494,000	1,542,500	1,590,000	1,539,500	1,592,400
Outreach Services	248,000	256,000	268,500	255,800	267,500
Federal Support	38,000	59,000	60,000	59,000	60,000
Miscellaneous Receipts/Programs	77,500	72,500	73,000	72,500	73,000
TOTAL EXPENDITURES	4,867,500	5,608,500	5,509,000	5,005,600	5,260,300

The four subprograms of the Kentucky School for the Blind are Instruction, Residential, Operational Support and Outreach. These subprograms work together to provide instructional and residential programs for students of the School. All four subprograms involve both direct services to students and related services which are necessary to accomplish the direct services.

Instruction and Related Services includes supervision, teaching, supplies, equipment, and clerical services, all of which are needed for the regular instruction of the students enrolled at the Kentucky School for the Blind. Tools utilized are braille, large print, electronic aids, and other special aids and methods in the areas of basic academic skills, vocational skills, self-care skills, orientation and mobility, music, physical education, athletics, and counseling.

Residential Services include those services which are needed to provide housing, daily living skills, and leisure time activities for students who reside at the Kentucky School for the Blind in order to participate in the instructional program. This subprogram also deals with transportation arrangements when residential students go home on weekends and at the end of the school year.

Operational Support includes administration, business management, food service, housekeeping, utilities and other operating expenses, maintenance of buildings and grounds, and health care. The positions of Superintendent and Coordinator of Instruction and Related Services are included in this subprogram.

The Outreach program provides consultative, technical and evaluative support to local school districts relating to education of local school students who are blind or visually impaired.

Federal Support includes funds to support federally-mandated services. Funds received under Chapter I of the Education Consolidation and Improvement Act are used to provide services in the areas of speech therapy and basic skills instruction. Federal funds are also used to provide instruction and residential services for deaf-blind children.

EDUCATION
Learning Support Services
Learning Programs Development
Kentucky School for the Deaf

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,987,500	10,070,000	10,543,500	8,332,900	8,895,900
Restricted Agency Funds					
Balance Forward	182,500	182,500	215,000	182,500	215,000
Current Receipts	100,000	135,500	162,000	135,500	162,000
Total Restricted Agency Funds	282,500	318,000	377,000	318,000	377,000
Federal Funds					
Current Receipts	93,500	40,000	41,000	40,000	41,000
TOTAL FUNDS	8,363,500	10,428,000	10,961,500	8,690,900	9,313,900
EXPENDITURES BY CLASS					
Personnel Costs	7,180,500	8,775,000	9,303,000	7,472,800	8,016,900
Operating Expenses	910,500	1,425,500	1,387,500	1,003,100	1,026,000
Capital Outlay	90,000	12,500			
TOTAL EXPENDITURES	8,181,000	10,213,000	10,690,500	8,475,900	9,042,900
EXPENDITURES BY UNIT					
Instructional Services	3,028,000	3,895,500	4,082,500	3,285,400	3,657,100
Residential Services	1,818,000	1,929,000	2,010,000	1,778,400	1,850,400
Operational Services	2,281,500	2,728,000	2,847,000	2,472,800	2,568,300
Outreach Services	860,000	1,517,500	1,604,000	796,300	820,100
Federal Support	93,500	40,000	41,000	40,000	41,000
Miscellaneous Receipts/Programs	100,000	103,000	106,000	103,000	106,000
TOTAL EXPENDITURES	8,181,000	10,213,000	10,690,500	8,475,900	9,042,900

The Kentucky School for the Deaf provides educational services to deaf children who cannot be served by local school districts. The School's educational program consists of appropriate classroom instruction, life skills, physical education, and vocational training. Students receive instruction in accordance with their Individual Education Plan which emphasizes language and communication skills development.

Students at the Kentucky School for the Deaf are housed in six campus dormitories and are supervised by houseparents. The students receive practical living skills instruction in such areas as personal safety, hygiene, and independent living skills.

The Kentucky School for the Deaf also supports an outreach program which provides consultative, technical, and evaluative support to local school districts on how to effectively provide educational services to deaf children attending school in a local district.

EDUCATION
Learning Support Services
Special Instructional Services

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,485,000	8,640,000	8,854,000	8,254,400	8,540,400
Continuing Appropriation	224,900				
Total General Fund	<u>7,709,900</u>	<u>8,640,000</u>	<u>8,854,000</u>	<u>8,254,400</u>	<u>8,540,400</u>
Restricted Agency Funds					
Balance Forward	183,000	173,500	164,500	173,500	164,500
Current Receipts	467,500	482,000	498,500	482,000	498,500
Non-Revenue Receipts		618,000	636,500	618,000	636,500
Total Restricted Agency Funds	<u>650,500</u>	<u>1,273,500</u>	<u>1,299,500</u>	<u>1,273,500</u>	<u>1,299,500</u>
Federal Funds					
Balance Forward	18,500	64,000	68,000	64,000	68,000
Current Receipts	186,371,000	191,921,500	197,662,000	191,921,500	197,662,000
Non-Revenue Receipts	660,000	677,500	703,000	677,500	703,000
Revenue Redistribution	6,700,000	6,900,500	7,108,000	6,900,500	7,108,000
Total Federal Funds	<u>193,749,500</u>	<u>199,563,500</u>	<u>205,541,000</u>	<u>199,563,500</u>	<u>205,541,000</u>
TOTAL FUNDS	<u>202,109,900</u>	<u>209,477,000</u>	<u>215,694,500</u>	<u>209,091,400</u>	<u>215,380,900</u>
EXPENDITURES BY CLASS					
Personnel Costs	4,954,400	5,235,000	5,486,000	5,230,800	5,485,700
Operating Expenses	3,107,000	3,203,500	3,307,500	3,194,900	3,300,300
Grants, Loans or Benefits	193,811,000	200,806,000	206,683,000	200,433,200	206,376,900
TOTAL EXPENDITURES	<u>201,872,400</u>	<u>209,244,500</u>	<u>215,476,500</u>	<u>208,858,900</u>	<u>215,162,900</u>
EXPENDITURES BY UNIT					
Associate Commissioner	1,150,400	191,500	197,000	191,500	197,000
Exceptional Children	36,348,000	37,436,500	38,560,000	37,436,400	38,561,700
Secondary Vocational Education	13,930,500	16,660,500	17,114,500	16,275,000	16,799,200
Program Resources	150,443,500	154,956,000	159,605,000	154,956,000	159,605,000
TOTAL EXPENDITURES	<u>201,872,400</u>	<u>209,244,500</u>	<u>215,476,500</u>	<u>208,858,900</u>	<u>215,162,900</u>

The Office of Special Instructional Services consists of three divisions: Exceptional Children Services, Secondary Vocational Education, and Program Resources.

EDUCATION
Learning Support Services
Special Instructional Services
Associate Commissioner

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	925,500	191,500	197,000	191,500	197,000
Continuing Appropriation	225,000				
TOTAL FUNDS	<u>1,150,500</u>	<u>191,500</u>	<u>197,000</u>	<u>191,500</u>	<u>197,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	233,000	180,500	188,000	180,500	188,000
Operating Expenses	54,000	11,000	9,000	11,000	9,000
Grants, Loans or Benefits	863,500				
TOTAL EXPENDITURES	<u>1,150,500</u>	<u>191,500</u>	<u>197,000</u>	<u>191,500</u>	<u>197,000</u>

The Associate Commissioner and related staff provide support and guidance to the divisions of the Office of Special Instructional Services. The Associate Commissioner reports to the Commissioner of Education through the Deputy Commissioner for Learning Support Services.

EDUCATION
Learning Support Services
Special Instructional Services
Exceptional Children Services

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	93,000	94,000	97,000	93,900	98,700
Restricted Agency Funds					
Balance Forward	52,000	42,000	36,000	42,000	36,000
Current Receipts	40,000	45,500	51,000	45,500	51,000
Total Restricted Agency Funds	<u>92,000</u>	<u>87,500</u>	<u>87,000</u>	<u>87,500</u>	<u>87,000</u>
Federal Funds					
Balance Forward		18,000	21,500	18,000	21,500
Current Receipts	35,713,000	36,772,000	37,862,500	36,772,000	37,862,500
Non-Revenue Receipts	510,000	522,500	537,500	522,500	537,500
Total Federal Funds	<u>36,223,000</u>	<u>37,312,500</u>	<u>38,421,500</u>	<u>37,312,500</u>	<u>38,421,500</u>
TOTAL FUNDS	<u>36,408,000</u>	<u>37,494,000</u>	<u>38,605,500</u>	<u>37,493,900</u>	<u>38,607,200</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,763,000	1,804,000	1,889,000	1,799,800	1,889,500
Operating Expenses	1,205,000	1,239,000	1,282,500	1,234,900	1,278,300
Grants, Loans or Benefits	33,380,000	34,393,500	35,388,500	34,401,700	35,393,900
TOTAL EXPENDITURES	<u>36,348,000</u>	<u>37,436,500</u>	<u>38,560,000</u>	<u>37,436,400</u>	<u>38,561,700</u>
EXPENDITURES BY UNIT					
Program Services	143,000	145,500	150,000	145,400	151,700
Exceptional Children Federal Services	36,205,000	37,291,000	38,410,000	37,291,000	38,410,000
TOTAL EXPENDITURES	<u>36,348,000</u>	<u>37,436,500</u>	<u>38,560,000</u>	<u>37,436,400</u>	<u>38,561,700</u>

The Division of Exceptional Children Services provides training to educators who provide services to disabled children and administers the exceptional children federal grant program.

The Division also oversees administration of the federal Individuals with Disabilities Education Act (IDEA) grant which goes to local districts to cover the excess cost of providing a free and appropriate public education to children and youth with educational disabilities.

Training and technical assistance is provided to the state's 176 school districts and 20 agencies that work with students with diverse needs.

Note: Funding for weekend travel home by students of the Kentucky School for the Blind and the Kentucky School for the Deaf is now budgeted as part of the Pupil Transportation Program within Management Support Services/District Support Services.

EDUCATION
Learning Support Services
Special Instructional Services
Secondary Vocational Education

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,466,500	8,354,500	8,560,000	7,969,000	8,244,700
Restricted Agency Funds					
Balance Forward	121,000	121,500	120,500	121,500	120,500
Current Receipts	330,000	338,500	349,500	338,500	349,500
Non-Revenue Receipts		618,000	636,500	618,000	636,500
Total Restricted Agency Funds	<u>451,000</u>	<u>1,078,000</u>	<u>1,106,500</u>	<u>1,078,000</u>	<u>1,106,500</u>
Federal Funds					
Balance Forward		500		500	
Current Receipts	125,500	128,500	132,500	128,500	132,500
Revenue Redistribution	7,009,500	7,219,500	7,436,000	7,219,500	7,436,000
Total Federal Funds	<u>7,135,000</u>	<u>7,348,500</u>	<u>7,568,500</u>	<u>7,348,500</u>	<u>7,568,500</u>
TOTAL FUNDS	<u>14,052,500</u>	<u>16,781,000</u>	<u>17,235,000</u>	<u>16,395,500</u>	<u>16,919,700</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,299,500	1,519,000	1,595,000	1,519,000	1,594,200
Operating Expenses	420,500	483,500	502,500	479,000	499,500
Grants, Loans or Benefits	12,210,500	14,658,000	15,017,000	14,277,000	14,705,500
TOTAL EXPENDITURES	<u>13,930,500</u>	<u>16,660,500</u>	<u>17,114,500</u>	<u>16,275,000</u>	<u>16,799,200</u>
EXPENDITURES BY UNIT					
Program Services	6,796,000	8,694,000	8,909,500	7,308,500	7,594,200
Federal Programs	7,134,500	7,966,500	8,205,000	8,966,500	9,205,000
TOTAL EXPENDITURES	<u>13,930,500</u>	<u>16,660,500</u>	<u>17,114,500</u>	<u>16,275,000</u>	<u>16,799,200</u>

The Division of Secondary Vocational Education provides technical assistance, consultative services, staff development and program monitoring to secondary vocational education programs in local school districts and area vocational education centers.

The Carl Perkins Vocational and Applied Technology Education Act provides for distribution of federal vocational educational funds to local school districts offering approved secondary vocational education programs. The Division of Secondary Vocational Education administers these funds according to guidelines for implementation of the Carl D. Perkins Vocational and Applied Technology Education Act as prescribed in Public Law 98-254.

Funding is provided to districts operating a local vocational school or vocational department within a school to help cover the administrative and operational costs of providing the vocational programs.

The Future Farmers of American (FFA) Camp facility provides training in leadership development primarily to vocational organizations in the summer months. Participants generally spend three to five days at FFA Camp and receive intensive leadership training.

Previously located in the Student and Family Support Division/Program Services Branch, the Jobs for America's Graduates Program is now located under the Federal Programs area of this division. It is designed to assist high schools in meeting the KERA accountability goals in the areas of dropout prevention and successful transition into adult life by specifically targeting at-risk and disadvantaged youth.

Policy

The Governor's recommended budget contains additional General Fund grants moneys for the locally operated vocational schools under the Program Services area in the amount of \$200,000 in fiscal year 1999 and \$400,000 in fiscal year 2000.

Also included is one million dollars in General Funds in each year of the 1998-2000 biennium for the Job for Kentucky's Graduates program.

EDUCATION
Learning Support Services
Special Instructional Services
Program Resources

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
Restricted Agency Funds					
Balance Forward	10,000	10,000	8,000	10,000	8,000
Current Receipts	97,500	98,000	98,000	98,000	98,000
Total Restricted Agency Funds	107,500	108,000	106,000	108,000	106,000
Federal Funds					
Balance Forward	18,500	45,500	46,500	45,500	46,500
Current Receipts	150,532,500	155,021,000	159,667,000	155,021,000	159,667,000
Non-Revenue Receipts	150,000	155,000	165,500	155,000	165,500
Revenue Redistribution	-309,500	-319,000	-328,000	-319,000	-328,000
Total Federal Funds	150,391,500	154,902,500	159,551,000	154,902,500	159,551,000
TOTAL FUNDS	150,499,000	155,010,500	159,657,000	155,010,500	159,657,000
EXPENDITURES BY CLASS					
Personnel Costs	1,659,000	1,731,500	1,814,000	1,731,500	1,814,000
Operating Expenses	1,427,500	1,470,000	1,513,500	1,470,000	1,513,500
Grants, Loans or Benefits	147,357,000	151,754,500	156,277,500	151,754,500	156,277,500
TOTAL EXPENDITURES	150,443,500	154,956,000	159,605,000	154,956,000	159,605,000
EXPENDITURES BY UNIT					
Program Support	97,500	100,000	103,000	100,000	103,000
Title I	127,579,000	131,406,500	135,348,500	131,406,500	135,348,500
Title VI	7,466,500	7,690,500	7,921,500	7,690,500	7,921,500
Other Federal Programs	15,300,500	15,759,000	16,232,000	15,759,000	16,232,000
TOTAL EXPENDITURES	150,443,500	154,956,000	159,605,000	154,956,000	159,605,000

The Division of Program Resources administers many of the Department of Education's federal grant programs.

The Chapter I program provides remedial and supplementary educational services to disadvantaged students who meet at least one of the following criteria: educationally deprived, migrant, neglected or delinquent, handicapped and currently or formerly institutionalized, or confined in a correctional facility.

Chapter II of the Education Consolidation and Improvement Act of 1981 identifies six purposes for which funds must be targeted: programs for at-risk students; programs to acquire and use instructional materials; innovative programs for schoolwide improvements, including effective schools programs; programs of professional development; programs to enhance personal excellence of students and student achievement, and other innovative projects to enhance the educational climate of the school. These funds are provided to the local educational agencies and participating private non-profit schools by a formula established in the federal Chapter II law.

Other grant programs administered by this division include: Drug-Free Schools and Communities program, Dwight D. Eisenhower Mathematics and Science Education Program, and the AIDS Prevention program.

EDUCATION
Learning Support Services
Teacher Education and Certification

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,734,500	11,096,500	11,258,000	7,649,300	9,200,600
Restricted Agency Funds					
Balance Forward	193,000	100,000	29,000	100,000	29,000
Current Receipts	643,500	688,000	752,500	688,000	752,500
Total Restricted Agency Funds	<u>836,500</u>	<u>788,000</u>	<u>781,500</u>	<u>788,000</u>	<u>781,500</u>
Federal Funds					
Balance Forward	116,000	6,000	2,500	6,000	2,500
Current Receipts	280,500	399,000	414,500	399,000	414,500
Total Federal Funds	<u>396,500</u>	<u>405,000</u>	<u>417,000</u>	<u>405,000</u>	<u>417,000</u>
TOTAL FUNDS	<u>7,967,500</u>	<u>12,289,500</u>	<u>12,456,500</u>	<u>8,842,300</u>	<u>10,399,100</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,764,500	2,117,000	2,228,500	1,925,600	2,011,700
Operating Expenses	796,000	1,715,000	1,740,000	769,700	863,900
Grants, Loans or Benefits	5,301,000	8,426,000	8,485,500	6,115,500	7,521,000
TOTAL EXPENDITURES	<u>7,861,500</u>	<u>12,258,000</u>	<u>12,454,000</u>	<u>8,810,800</u>	<u>10,396,600</u>
EXPENDITURES BY UNIT					
Education Professional					
Standards Board	987,500	1,201,000	1,226,000	987,500	997,500
Associate Commissioner	374,500	956,000	976,000	396,500	507,400
Teacher Education	261,500	422,000	435,500	350,500	363,000
Teacher Certification	490,500	886,000	824,000	499,400	516,400
Teacher Testing and Internship	4,964,500	6,476,000	6,651,000	4,970,900	5,902,800
Minority Teacher					
Recruitment and Retention	783,000	2,317,000	2,341,500	1,606,000	2,109,500
TOTAL EXPENDITURES	<u>7,861,500</u>	<u>12,258,000</u>	<u>12,454,000</u>	<u>8,810,800</u>	<u>10,396,600</u>

The Office of Teacher Education and Certification has the following responsibilities: monitoring, evaluating, and certifying the teacher education programs at the state universities that prepare teachers; implementing the testing and internship programs for newly hired teachers and principals; issuing, renewing, and revoking teaching certificates. The Office is involved in a number of activities in conjunction with the Education Professional Standards Board in furtherance of the teacher education, assessment, and certification goals.

EDUCATION
Learning Support Services
Teacher Education and Certification
Education Professional Standards Board

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	287,500	480,000	483,500	266,500	255,000
Restricted Agency Funds					
Balance Forward	191,000	100,000	29,000	100,000	29,000
Current Receipts	609,000	650,000	713,500	650,000	713,500
Total Restricted Agency Funds	800,000	750,000	742,500	750,000	742,500
TOTAL FUNDS	1,087,500	1,230,000	1,226,000	1,016,500	997,500
EXPENDITURES BY CLASS					
Personnel Costs	394,500	463,500	492,000	395,000	408,500
Operating Expenses	482,500	627,000	623,500	482,000	478,500
Grants, Loans or Benefits	110,500	110,500	110,500	110,500	110,500
TOTAL EXPENDITURES	987,500	1,201,000	1,226,000	987,500	997,500

The Education Professional Standards Board was established by the Kentucky Education Reform Act of 1990. The Board has authority to issue, renew, revoke, and suspend certificates of professional school personnel, and to approve and accredit programs and institutions that prepare educators. The Board also has responsibility for administering the Teacher Testing and Internship program and the Principal Testing and Internship program.

EDUCATION
Learning Support Services
Teacher Education and Certification
Associate Commissioner

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	197,000	773,000	787,500	213,500	318,900
Federal Funds					
Current Receipts	177,500	183,000	188,500	183,000	188,500
TOTAL FUNDS	<u>374,500</u>	<u>956,000</u>	<u>976,000</u>	<u>396,500</u>	<u>507,400</u>
EXPENDITURES BY CLASS					
Personnel Costs	185,500	261,000	275,000	201,300	211,500
Operating Expenses	11,500	512,000	512,500	12,200	107,400
Grants, Loans or Benefits	177,500	183,000	188,500	183,000	188,500
TOTAL EXPENDITURES	<u>374,500</u>	<u>956,000</u>	<u>976,000</u>	<u>396,500</u>	<u>507,400</u>

The Associate Commissioner and related staff provide support and guidance to the divisions of the Office of Teacher Education and Certification. The Associate Commissioner also serves as executive secretary to the Education Professional Standards Board. The Associate Commissioner reports to the Commissioner of Education through the Deputy Commissioner for Learning Support Services.

EDUCATION
Learning Support Services
Teacher Education and Certification
Teacher Education

	Revised FY 1998	FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	151,500	308,500	319,000	237,000	246,500
Federal Funds					
Balance Forward	116,000	6,000	2,500	6,000	2,500
Current Receipts		110,000	116,500	110,000	116,500
Total Federal Funds	116,000	116,000	119,000	116,000	119,000
TOTAL FUNDS	267,500	424,500	438,000	353,000	365,500
EXPENDITURES BY CLASS					
Personnel Costs	159,500	247,500	260,500	247,500	260,000
Operating Expenses	72,000	73,500	74,000	73,000	73,000
Grants, Loans or Benefits	30,000	101,000	101,000	30,000	30,000
TOTAL EXPENDITURES	261,500	422,000	435,500	350,500	363,000

The Division of Teacher Education performs a variety of administrative and consultative functions in support of the other divisions within the Office of Teacher Education and Certification. The Division works to further the development of a system of teacher education in Kentucky which is based on the outcomes-oriented goals of the Kentucky Education Reform Act.

EDUCATION
Learning Support Services
Teacher Education and Certification
Teacher Certification

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	490,500	886,000	824,000	499,400	516,400
EXPENDITURES BY CLASS					
Personnel Costs	454,000	538,500	560,000	476,900	497,400
Operating Expenses	36,500	22,500	19,000	22,500	19,000
Grants, Loans or Benefits		325,000	245,000		
TOTAL EXPENDITURES	490,500	886,000	824,000	499,400	516,400

The Division of Teacher Certification provides staff support to the Education Professional Standards Board in evaluating and accrediting the teacher education programs at Kentucky's universities. The Division provides the Board administrative assistance with the issuance, renewal, revocation, and suspension of certificates for school personnel. The Division also assists in auditing personnel assignments in local school districts in the selection of instructional support personnel.

EDUCATION
Learning Support Services
Teacher Education and Certification
Teacher Testing and Internship

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,928,000	6,438,000	6,612,000	4,932,900	5,863,800
Restricted Agency Funds					
Balance Forward	2,000				
Current Receipts	34,500	38,000	39,000	38,000	39,000
Non-Revenue Receipts					
Total Restricted Agency Funds	36,500	38,000	39,000	38,000	39,000
TOTAL FUNDS	4,964,500	6,476,000	6,651,000	4,970,900	5,902,800
EXPENDITURES BY CLASS					
Personnel Costs	359,500	382,500	405,500	380,900	398,800
Operating Expenses	138,500	413,500	442,500	123,500	127,500
Grants, Loans or Benefits	4,466,500	5,680,000	5,803,000	4,466,500	5,376,500
TOTAL EXPENDITURES	4,964,500	6,476,000	6,651,000	4,970,900	5,902,800
EXPENDITURES BY UNIT					
Program Support	302,000	1,829,500	1,879,000	332,400	347,300
Teacher Testing and Internship	4,234,500	4,234,500	4,348,500	4,234,500	4,959,500
Principal Testing and Internship	135,000	143,000	147,500	135,000	320,000
Teacher Assessment Program	256,500	231,000	237,000	231,000	237,000
New Professional Teacher State Project	36,500	38,000	39,000	38,000	39,000
TOTAL EXPENDITURES	4,964,500	6,476,000	6,651,000	4,970,900	5,902,800

The Division of Testing and Internship administers the teacher and principal internship programs.

Teacher Internship - Beginning teachers are required to successfully complete a one-year internship prior to receiving certification. During the internship, the teacher is supervised and evaluated by a teacher evaluation committee made up of a resource teacher, the school principal of the school where the internship is served and a teacher educator from a state approved teacher training institution. In addition to the internship, the teacher must also successfully complete a written test.

Principal Internship - Beginning principals are required to successfully complete a testing and internship program prior to receiving certification. Applicants are required to pass two exams - a generic test in school administration and a specialized examination on current Kentucky education policies. In addition to the tests, the new principal must also successfully complete an internship program.

Policy

The Governor's recommended budget includes additional General Funds in the amount of \$725,000 in fiscal year 2000 to enable the Testing and Internship Division to better accommodate the projected increase in the number of interns.

The Governor's recommended budget fully funds the request for the Principal Internship Program in fiscal year 2000 with an additional \$185,000 in General Funds in order to accommodate the projected increase in the number of interns.

EDUCATION
Learning Support Services
Teacher Education and Certification
Minority Teacher Recruitment and Retention

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	680,000	2,211,000	2,232,000	1,500,000	2,000,000
Federal Funds					
Current Receipts	103,000	106,000	109,500	106,000	109,500
TOTAL FUNDS	<u>783,000</u>	<u>2,317,000</u>	<u>2,341,500</u>	<u>1,606,000</u>	<u>2,109,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	211,500	224,000	235,500	224,000	235,500
Operating Expenses	55,000	66,500	68,500	56,500	58,500
Grants, Loans or Benefits	516,500	2,026,500	2,037,500	1,325,500	1,815,500
TOTAL EXPENDITURES	<u>783,000</u>	<u>2,317,000</u>	<u>2,341,500</u>	<u>1,606,000</u>	<u>2,109,500</u>

This division was established to increase the percentage of minority educators in the Commonwealth, as well as to help retain those minority educators currently working in education. The Division coordinates its activities with the Educational Professional Standards Board, the Department of Education, the institutions of higher education, and local school districts.

Policy

The Governor's recommended budget includes additional General Funds for the Minority Teacher Recruitment Program in the amount of approximately \$800,000 in fiscal year 1999 and approximately \$1.3 million in fiscal year 2000.

EDUCATION, ARTS AND HUMANITIES

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	174,754,200	209,079,600	222,908,100	175,687,100	185,168,400
Restricted Agency Funds					
Balance Forward	2,826,500	1,621,500	1,309,500	1,621,500	1,119,000
Current Receipts	3,011,900	2,967,500	3,227,500	2,967,500	3,227,500
Non-Revenue Receipts	4,022,900	4,551,700	4,883,100	4,551,700	4,883,100
Total Restricted Agency Funds	9,861,300	9,140,700	9,420,100	9,140,700	9,229,600
Federal Funds					
Balance Forward	224,000	179,000	63,000	179,000	63,000
Current Receipts	4,370,500	3,755,500	3,367,000	3,755,500	3,367,000
Non-Revenue Receipts	-5,500				
Total Federal Funds	4,589,000	3,934,500	3,430,000	3,934,500	3,430,000
TOTAL FUNDS	189,204,500	222,154,800	235,758,200	188,762,300	197,828,000
EXPENDITURES BY CLASS					
Personnel Costs	23,437,300	26,297,300	27,910,200	24,771,500	26,143,900
Operating Expenses	12,500,600	14,780,700	15,370,900	13,694,800	13,956,600
Grants, Loans or Benefits	78,493,500	115,415,600	122,167,600	87,100,000	90,313,000
Debt Service	71,450,100	62,993,000	68,662,000	60,980,000	66,482,000
Capital Outlay	967,000	1,296,700	729,500	1,034,000	490,500
Construction	555,500				
TOTAL EXPENDITURES	187,404,000	220,783,300	234,840,200	187,580,300	197,386,000
EXPENDITURES BY UNIT					
Kentucky Arts Council	4,896,400	8,335,500	5,418,000	4,934,300	5,002,100
Kentucky Historical Society	5,299,900	6,818,500	6,723,500	6,018,100	5,870,100
Secretary	1,928,300	2,580,500	2,442,500	2,313,100	2,374,600
Kentucky Educational Television	18,821,400	15,566,000	16,185,500	15,085,700	15,616,000
School Facilities Construction					
Commission	63,755,200	62,938,000	68,618,500	61,201,000	66,714,000
Deaf and Hard of Hearing	722,300	1,163,000	1,193,500	739,800	703,200
Kentucky Heritage Council	1,643,100	2,768,000	2,819,000	1,617,900	1,657,900
Kentucky Center for the Arts	3,135,400	625,500	625,500	625,500	625,500
Environmental Education	260,500	397,500	398,000	315,000	262,000
Council					
Libraries and Archives	16,932,200	19,182,000	21,944,500	15,528,200	16,027,500
Teachers' Retirement System	70,009,300	100,408,800	108,471,700	79,201,700	82,533,100
TOTAL EXPENDITURES	187,404,000	220,783,300	234,840,200	187,580,300	197,386,000

The Education, Arts and Humanities Cabinet is charged with preserving Kentucky's heritage, preparing for its future, and promoting a statewide culture of lifelong learning. Each of the agencies in the Cabinet provides or oversees services that contribute to an enhanced quality of life for Kentuckians: excellence in public education, quality libraries, the preservation of historical landmarks, cultural enrichment through the visual and performing arts, and services to the deaf and hard of hearing.

EDUCATION, ARTS AND HUMANITIES
Kentucky Arts Council

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,979,900	7,497,000	4,632,500	4,095,800	4,216,600
Restricted Agency Funds					
Balance Forward	181,000	59,500	26,500	59,500	26,500
Current Receipts	286,000	329,500	343,000	329,500	343,000
Total Restricted Agency Funds	467,000	389,000	369,500	389,000	369,500
Federal Funds					
Balance Forward	177,000	129,500	38,500	129,500	38,500
Current Receipts	461,500	385,000	400,000	385,000	400,000
Total Federal Funds	638,500	514,500	438,500	514,500	438,500
TOTAL FUNDS	5,085,400	8,400,500	5,440,500	4,999,300	5,024,600
EXPENDITURES BY CLASS					
Personnel Costs	792,000	916,000	956,500	879,500	915,000
Operating Expenses	508,400	594,000	599,500	562,300	565,600
Grants, Loans or Benefits	3,586,000	6,815,500	3,852,000	3,482,500	3,511,500
Capital Outlay	10,000	10,000	10,000	10,000	10,000
TOTAL EXPENDITURES	4,896,400	8,335,500	5,418,000	4,934,300	5,002,100
EXPENDITURES BY UNIT					
Kentucky Arts Council	4,466,400	7,796,000	4,864,500	4,458,500	4,517,000
Craft Marketing Program	430,000	539,500	553,500	479,500	491,000
EMPOWER Kentucky General Fund Savings				-3,700	-5,900
TOTAL EXPENDITURES	4,896,400	8,335,500	5,418,000	4,934,300	5,002,100

The Kentucky Arts Council was formed in 1965 by Executive Order and confirmed in 1966 when the General Assembly enacted KRS 153.210-235. The purpose of the Council is to develop and promote a broadly conceived state policy of support for the arts in Kentucky.

The Kentucky Arts Council supports, through grants and technical assistance, Kentucky arts organizations, schools, community arts councils and individual artists and craftpersons. These organizations and individuals contribute significantly to the economy, education and quality of life in Kentucky. They play a significant role in creating the positive climate and overseeing services necessary to implement the Kentucky Arts Council mission and plan; the Kentucky Education Reform Act; and Goal 5 of Kentucky's Strategic Plan for Economic Development.

The Council's major programs are: Arts and Cultural Organization Support, Community Arts Development, Arts Education, Crafts Marketing, Individual Artists Recognition and Support, Project Grants, Folk and Traditional Arts Support, and KAC Directories and Honors.

EDUCATION, ARTS AND HUMANITIES
Kentucky Historical Society

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,856,900	5,863,000	6,124,500	5,063,600	5,271,100
Restricted Agency Funds					
Balance Forward	121,000	224,000	167,000	224,000	167,000
Current Receipts	348,900	312,500	402,000	312,500	402,000
Non-Revenue Receipts	59,100				
Total Restricted Agency Funds	529,000	536,500	569,000	536,500	569,000
Federal Funds					
Balance Forward	43,000	45,500	20,500	45,500	20,500
Current Receipts	146,000	560,000	135,000	560,000	135,000
Non-Revenue Receipts	-5,500				
Total Federal Funds	183,500	605,500	155,500	605,500	155,500
TOTAL FUNDS	5,569,400	7,005,000	6,849,000	6,205,600	5,995,600
EXPENDITURES BY CLASS					
Personnel Costs	2,452,500	3,565,000	3,797,000	2,893,500	2,997,000
Operating Expenses	967,900	2,590,500	2,727,000	2,561,100	2,748,600
Grants, Loans or Benefits	134,500	148,500	149,500	123,500	124,500
Debt Service	1,552,000				
Capital Outlay	193,000	514,500	50,000	440,000	
TOTAL EXPENDITURES	5,299,900	6,818,500	6,723,500	6,018,100	5,870,100
EXPENDITURES BY UNIT					
Administration	3,196,400	3,565,000	3,586,500	3,251,000	3,346,000
Oral History and Educational Outreach	492,500	758,500	786,000	577,500	594,500
Museums	848,000	1,564,500	1,236,000	1,424,500	1,053,000
Research and Publications	763,000	930,500	1,115,000	767,500	879,500
EMPOWER Kentucky General Fund Savings				-2,400	-2,900
TOTAL EXPENDITURES	5,299,900	6,818,500	6,723,500	6,018,100	5,870,100

Since 1836, the Society has served as a steward of the Commonwealth's heritage, preserving the wisdom and experiences of Kentuckians which are embodied in artifacts, manuscripts, records, memories and other memorabilia. As an educational institution, its museums and research library are destinations for thousands of students, families, and out-of-state tourists. Outreach services and programs strengthen and provide technical support to hundreds of community museums and history organizations throughout the state.

The Society's mission, pursuant to KRS 171.311, is to collect and preserve for future generations, materials and information regarding Kentucky's past; to disseminate knowledge and understanding of the state's history; and to produce for people of all backgrounds an increased awareness of and appreciation for the Commonwealth and its heritage. To carry out this mandate the agency operates four programs: Administration, Research and Publications, Museums, and Oral History and Educational Outreach.

The 1998-2000 biennium represents a dramatic turning point for the institution. During fiscal year 1999, the Kentucky History Center, a 160,000 square foot museum and research center, will open. On-line access to Kentucky heritage information and Society collections will be available. Exhibits and research facilities, more than four times the size of previous ones, are projected to attract two to three times the current visitation. To prepare for this new era, the Society has initiated a number of organizational changes.

The Administration program has an ongoing mission to provide overall agency direction, planning and management. The History Center Director and Deputy Director coordinate and oversee the Center and its operations. New units within the division include: special events, information systems, facilities management, and marketing.

The Research and Publications program has six sub-units: maps and photographs, manuscripts, rare books, *The Register*, *Kentucky Ancestors*, and special publications, including the Governor's Papers and County History series. In preparation for the History Center, the program will: institute an On-line Public Access Catalog (OPAC) for electronic access to research collections; establish a digitizing unit to create electronic copies of fragile historic materials; and co-locate all special collections (photographs, maps, rare books) under one administrative section.

The Museum program uses exhibits and educational programming to interpret the state's history. Six sub-units compose the Museum program. They include educational services, visitors services, traveling exhibits, exhibit design and installation, collections, and military history. Three museums—the Kentucky History Center's "Kentucky History Museum," the Kentucky Military History Museum, and the Old State Capitol—will be operated by the program by the end of fiscal year 1999.

The Oral History and Educational Outreach program includes the Kentucky Oral History Commission, which awards grants to conduct oral history studies, and four sub-units—local history, junior historical society, Kentucky Folklife Program, and historic highway markers. In preparation for the Kentucky History Center the program is initiating the Resource Center for Heritage Education, a collaborative educational outreach initiative intended to promote the use of community history resources in Kentucky's schools.

Policy

Funds are included in the Governor's recommended budget in the amount of \$2,668,000 in fiscal year 1999 and \$2,803,500 in fiscal year 2000 for personnel and operating costs for the Kentucky History Center.

Also included is \$20,000 in each fiscal year for restoration of Governors' graves.

**EDUCATION, ARTS AND HUMANITIES
Secretary**

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,827,800	2,486,500	2,345,500	2,219,100	2,277,600
Restricted Agency Funds					
Balance Forward	31,000	500	500	500	500
Current Receipts	70,000	94,000	97,000	94,000	97,000
Total Restricted Agency Funds	101,000	94,500	97,500	94,500	97,500
TOTAL FUNDS	1,928,800	2,581,000	2,443,000	2,313,600	2,375,100
EXPENDITURES BY CLASS					
Personnel Costs	472,500	550,000	578,000	496,000	519,500
Operating Expenses	70,800	155,000	158,000	133,600	136,100
Grants, Loans or Benefits	1,385,000	1,875,500	1,706,500	1,683,500	1,719,000
TOTAL EXPENDITURES	1,928,300	2,580,500	2,442,500	2,313,100	2,374,600
EXPENDITURES BY UNIT					
Development Office	127,000	147,500	153,500	146,500	151,500
Governor's Scholars Program	1,154,000	1,262,500	1,300,500	1,186,500	1,221,500
Martin Luther King Jr. Commission				4,000	4,000
Governor's School for the Arts	300,000	318,500	328,000	318,500	328,000
Secretary	347,300	852,000	660,500	658,000	670,000
EMPOWER Kentucky General Fund Savings				-400	-400
TOTAL EXPENDITURES	1,928,300	2,580,500	2,442,500	2,313,100	2,374,600

KRS 12.020 provides for the Office of the Secretary, Education, Arts and Humanities Cabinet. The Office, in conjunction with the Governor, is responsible for the development and implementation of statewide education, arts and humanities policy and programs, and provides coordination direction and management oversight for the agencies within the Cabinet. Within the appropriation unit for the Office of the Secretary are the following:

The Governor's Scholars Program is designed to motivate and empower Kentucky's brightest young people to become effective thinkers and citizen leaders with a zeal for excellence and a mind for innovation. The program provides an intensive residential summer academic and personal growth program for academically talented students about to enter their senior year in high school. The scholars, chosen competitively, spend five uninterrupted weeks in the program on two college campuses.

The Governor's School for the Arts (GSA) is a summer residential program at the Kentucky Center for the Arts for artistically gifted juniors and seniors in high school, serving approximately 160 students during the three-week program. In addition, participating students are invited to attend the annual Kentucky College and Career Day at the Kentucky Fair and Exposition Center. Colleges and universities across the nation recognize the artistic excellence of GSA graduates. Two Kentucky universities offer scholarships to GSA graduates by virtue of their attendance at GSA.

The mission of the Office of Operations and Development is to coordinate and assist in partnership, planning and fundraising activities (federal, corporate, foundation and individual) for the cabinet agencies. Current major programs include the Kentucky History Center, the Kentucky Folklife Festival, the Kentucky Arts Council Foundation, and In Performance at the Governor's Mansion. All of the funds raised must be used for agency purposes only.

The Martin Luther King, Jr. Commission was transferred to the cabinet from the Governor's Office in December, 1996. The Commission is charged with the responsibility to develop appropriate ceremonies and activities consistent with the celebration of Martin Luther King Day in Kentucky.

Policy

The Governor's recommended budget is \$40,000 in fiscal year 1999 and \$42,000 in fiscal year 2000 for additional rent, utilities, insurance and security resulting from the Office's move to the Old Capitol Annex. While the office was housed in the Capitol, the Governor's Office paid for postage and telecommunications charges, now the cabinet is responsible for these costs. Also included is \$4,000 in each fiscal year of the 1999-2000 biennium for operating expenses related to the Martin Luther King Jr. Commission. The Governors' Scholars Program General Fund grant is increased by \$38,000 in fiscal year 1999 and \$70,000 in fiscal year 2000 to address increased program costs. The Governor's School for the Arts General Fund grant is increased by \$18,500 in fiscal year 1999 and \$28,000 in fiscal year 2000 to address increased program costs. Also included is \$200,000 in fiscal year 1999 and fiscal year 2000 for ongoing operational support for the East Kentucky Center for Science, Mathematics, and Technology.

EDUCATION, ARTS AND HUMANITIES
Kentucky Educational Television

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	16,570,900	14,698,000	15,089,500	14,217,700	14,520,000
Restricted Agency Funds					
Balance Forward	1,650,000	551,500	339,500	551,500	339,500
Current Receipts	696,500	656,000	756,500	656,000	756,500
Total Restricted Agency Funds	<u>2,346,500</u>	<u>1,207,500</u>	<u>1,096,000</u>	<u>1,207,500</u>	<u>1,096,000</u>
Federal Funds					
Current Receipts	455,500				
TOTAL FUNDS	<u>19,372,900</u>	<u>15,905,500</u>	<u>16,185,500</u>	<u>15,425,200</u>	<u>15,616,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	8,797,000	9,017,500	9,594,500	8,894,800	9,411,300
Operating Expenses	6,143,400	5,547,000	5,617,000	5,495,400	5,536,700
Grants, Loans or Benefits	350,000	556,000	562,000	526,000	532,000
Debt Service	2,522,000	276,000	276,000		
Capital Outlay	453,500	169,500	136,000	169,500	136,000
Construction	555,500				
TOTAL EXPENDITURES	<u>18,821,400</u>	<u>15,566,000</u>	<u>16,185,500</u>	<u>15,085,700</u>	<u>15,616,000</u>
EXPENDITURES BY UNIT					
General Administration and Support	2,283,900	2,331,500	2,440,000	2,305,000	2,417,000
Broadcasting and Education	9,740,000	9,272,500	9,651,000	9,196,000	9,558,000
Debt Service	2,522,000	276,000	276,000		
Engineering	4,275,500	3,686,000	3,818,500	3,665,500	3,787,000
EMPOWER Kentucky General Fund Savings				-80,800	-146,000
TOTAL EXPENDITURES	<u>18,821,400</u>	<u>15,566,000</u>	<u>16,185,500</u>	<u>15,085,700</u>	<u>15,616,000</u>

As required by KRS 168, the Kentucky Authority for Educational Television (KET) produces and transmits educational programming for students in public schools, state-supported institutions of higher education, and others desiring broadcast programs. The Authority consists of nine members: the Chief State School Officer, an ex officio member, a staff member of the Department of Education elected by the State Board upon the recommendation of the Chief State School Officer, a representative of the University of Kentucky and a representative of the state colleges and universities elected by the Council on Postsecondary Education and five additional members nominated by the Governor's Higher Education Nominating Committee and appointed by the Governor. Members need not possess special or prescribed qualifications except that they shall be citizens of Kentucky. The term of each member is four years.

KET is divided into three program areas: General Administration and Support, Engineering, and Broadcasting and Education.

KET operates a statewide network of 15 television transmitters and five translators (signal relays). It also operates a satellite delivery system including a four-channel uplink, and approximately 1,700 downlinks at all public schools, colleges, state parks, and many libraries and other public buildings in nearly every Kentucky community. This satellite system also feeds the second Louisville transmitter and several cable systems around the Commonwealth.

Policy

Included in the Governor's recommended budget is \$99,000 in fiscal year 1999 and \$59,000 in fiscal year 2000 for professional development programs. Also included is \$75,000 in each fiscal year of the biennium for improved service to the deaf and hard of hearing (closed captioning, etc.). Also included is \$370,000 in each fiscal year of the 1999-2000 biennium for the KET Fund for Independent Productions for matching grants to independent producers within the Commonwealth such as Appalshop and WKYU.

EDUCATION, ARTS AND HUMANITIES
Kentucky Educational Television
General Administration and Support

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,283,900	2,331,500	2,440,000	2,305,000	2,417,000
EXPENDITURES BY CLASS					
Personnel Costs	1,538,000	1,621,000	1,723,000	1,594,500	1,700,000
Operating Expenses	745,900	710,500	717,000	710,500	717,000
TOTAL EXPENDITURES	2,283,900	2,331,500	2,440,000	2,305,000	2,417,000

The General Administration and Support Unit oversees the implementation of the Kentucky Educational Television's (KET's) mission as directed by the Kentucky Authority for Educational Television and as mandated in KRS 168. KET was established by the Kentucky General Assembly in the early 1960s for the purpose of supporting educational excellence in the Commonwealth. The agency's mission includes service to citizens of the Commonwealth in the home, in institutions of education, and in the workplace.

This unit recommends and carries out the policies of the Authority in all matters of the agency. These policies are designed to make a positive difference in the lives of individual citizens, in communities of all sizes, and in the Commonwealth as a whole.

The Unit organizes and administers the operation of the agency. This includes assurance that the agency is in compliance with pertinent state regulations and federal broadcasting laws. The Unit also works to ascertain in as many ways as is feasible the desires of the citizens of the Commonwealth which it serves.

The Unit carries out research and planning activities to verify the needs of current and potential audiences. It then works to assure effective, efficient, appropriate service to those audiences. Major areas of agency effort include programs and services in public affairs, K-12 student learning and teacher training, adult basic education, higher education, outreach programs on important state issues, and cultural and performing arts programs.

The Unit recognizes that coordination of efforts with other agencies, organization, and institutions is essential to effective service. It works to insure complementing, productive, non-duplicative efforts with groups such as, the Kentucky Department of Education, the Division of Information Systems, the Workforce Development Cabinet, colleges and universities, and all public school districts, to name a few.

The agency has been recognized as the educational telecommunications leader in the Commonwealth. As such, the General Administration and Support Unit also conducts activities which lead to constructive recommendations on current practice and future directions of telecommunications for the Commonwealth. Technologies which the agency currently exploits include broadcast television, microwave transmission, digital satellite communications, two-way video/audio via T1 lines, the Internet, CD-ROM, and extensive videotape distribution.

EDUCATION, ARTS AND HUMANITIES
Kentucky Educational Television
Broadcasting and Education

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,141,000	8,697,000	8,847,500	8,620,500	8,754,500
Restricted Agency Funds					
Balance Forward	1,595,000	551,500	339,500	551,500	339,500
Current Receipts	555,500	363,500	464,000	363,500	464,000
Total Restricted Agency Funds	<u>2,150,500</u>	<u>915,000</u>	<u>803,500</u>	<u>915,000</u>	<u>803,500</u>
TOTAL FUNDS	<u>10,291,500</u>	<u>9,612,000</u>	<u>9,651,000</u>	<u>9,535,500</u>	<u>9,558,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	5,319,000	5,307,500	5,669,500	5,261,000	5,606,500
Operating Expenses	3,628,500	3,289,500	3,333,500	3,289,500	3,333,500
Grants, Loans or Benefits	350,000	556,000	562,000	526,000	532,000
Capital Outlay	442,500	119,500	86,000	119,500	86,000
TOTAL EXPENDITURES	<u>9,740,000</u>	<u>9,272,500</u>	<u>9,651,000</u>	<u>9,196,000</u>	<u>9,558,000</u>

Broadcasting and Education acquires or produces programs and related support material which will most effectively carry out the mission and policies set by the Authority. This process includes soliciting feedback from appropriate audiences and seeking input from agencies and groups such as the Kentucky Department of Education, the Higher Education Telecommunications Consortium, Kentucky Information Resources Management Commission, etc. The Unit daily assembles five channels of television programming (KET broadcast, KET2, and three instructional satellite channels) for delivery to a variety of audiences.

One category of programming is aimed at needs of students at all levels. Instructional programming for elementary and secondary schools directly supports KERA's learning goals and outcomes. The Unit produces live interactive distance learning courses designed to provide equal access to a variety of learning opportunities for all students. It also produces KERA-related professional development opportunities for educators throughout the state. It also provides for the delivery of college courses to postsecondary students across the Commonwealth.

Another category of programs is designed to help people in the workplace. Acquired and/or produced programming serves under-educated adults, professionals in need of training, and other citizens with various needs related to their jobs and professions.

The Unit also produces a full schedule of programs for citizens at home. This includes educational and public affairs programming and quality arts experiences for all Kentuckians. Some of these programs come from national sources and others are locally produced. A full line-up of educational children's programs offers a quality alternative to commercial television viewing.

A statewide regional support staff of instructional and technical specialists provides training, information, and help with technical issues. This service is provided freely to educational institutions and to people in the homes of the Commonwealth.

The Operations staff maintain and operate network master control, studio, and remote facilities. They are responsible for the maintenance of \$15 million worth of equipment at the Network Center. They stay abreast of new technology developments, helping to make their activities increasingly more effective and efficient.

EDUCATION, ARTS AND HUMANITIES
Kentucky Educational Television
Engineering

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,624,000	3,393,500	3,526,000	3,373,000	3,494,500
Restricted Agency Funds					
Balance Forward	55,000				
Current Receipts	141,000	292,500	292,500	292,500	292,500
Total Restricted Agency Funds	<u>196,000</u>	<u>292,500</u>	<u>292,500</u>	<u>292,500</u>	<u>292,500</u>
Federal Funds					
Current Receipts	455,500				
TOTAL FUNDS	<u>4,275,500</u>	<u>3,686,000</u>	<u>3,818,500</u>	<u>3,665,500</u>	<u>3,787,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,940,000	2,089,000	2,202,000	2,068,500	2,170,500
Operating Expenses	1,769,000	1,547,000	1,566,500	1,547,000	1,566,500
Capital Outlay	11,000	50,000	50,000	50,000	50,000
Construction	555,500				
TOTAL EXPENDITURES	<u>4,275,500</u>	<u>3,686,000</u>	<u>3,818,500</u>	<u>3,665,500</u>	<u>3,787,000</u>

KET's Engineering Services Unit oversees delivery of KET programs and other resources by all appropriate means. It operates and maintains a land-based broadcast network of 15 transmitters and five translators capable of delivering one channel of service into all parts of the state. In addition, KET operates another transmitter in the Louisville area, delivering a second service to the largest metropolitan area in the state and surrounding counties and cable services across the state. The Engineering Service Unit operates all technical equipment to specifications mandated by the Federal Communications Commission.

The Unit also operates and maintains the KET Star Channels satellite delivery system comprised of a four-channel uplink at the KET Telecommunications Center and approximately 1,700 receiving dishes at schools, colleges, libraries, state parks, and other public buildings in nearly every Kentucky community. This satellite system also feeds the second Louisville transmitter and several cable systems around the Commonwealth. KET also utilizes T1 telephone lines for two-way teaching and conferencing and the Internet for education and information delivery and interaction.

Engineering works to develop new uses of technologies that can extend the capacity of limited staff and financial resources. It works to interface KET's technical capacities with other appropriate technical systems (i.e., KEWS, DIS, LRC, etc.) in Kentucky and elsewhere, further extending the variety, reach, accessibility, and versatility of KET services to the Commonwealth.

EDUCATION, ARTS AND HUMANITIES
School Facilities Construction Commission

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	63,755,200	62,938,000	68,618,500	61,201,000	66,714,000
EXPENDITURES BY CLASS					
Personnel Costs	222,300	195,500	205,000	195,500	205,000
Operating Expenses	42,800	25,500	27,500	25,500	27,000
Debt Service	63,478,100	62,717,000	68,386,000	60,980,000	66,482,000
Capital Outlay	12,000				
TOTAL EXPENDITURES	63,755,200	62,938,000	68,618,500	61,201,000	66,714,000
EXPENDITURES BY UNIT					
School Facilities Construction Commission	63,636,800	62,898,000	68,575,000	61,161,000	66,670,500
Education Technology Funding Program	118,400	40,000	43,500	40,000	43,500
TOTAL EXPENDITURES	63,755,200	62,938,000	68,618,500	61,201,000	66,714,000

The School Facilities Construction Commission, created by the 1985 Special Session of the General Assembly (KRS 157.611 et seq.), exists to assist local school districts with their school building needs. The School Facilities Construction Commission is responsible for the distribution of available state funds to eligible local school districts which have demonstrated a reasonable local effort to provide adequate school facilities but still have unmet building needs. The Commission is empowered to act on behalf of local school districts to issue bonds in the name of the Commission and to enter into lease arrangements with local boards of education to finance construction of new facilities or major renovation of existing school facilities.

The School Facilities Construction Commission is the successor agency of the Kentucky School Building Authority and is appropriated funds to meet debt obligations for ongoing projects which were authorized by the School Building Authority.

Administration of offers of assistance to local school districts made under the auspices of the Kentucky Education Technology System (KETS) is performed by staff attached to the School Facilities Construction Commission.

Policy

The Governor's recommended budget includes new debt service funding in the amount of \$1,520,000 in fiscal year 1999 and \$5,520,000 in fiscal year 2000 to support new local school construction. The recommended budget sets the level of bonded indebtedness from currently allocated but unissued as well as newly budgeted bonded indebtedness at \$92.5 million. The recommended budget is sufficient to support \$62.5 million in newly authorized as well as \$30 million in reauthorized bonded indebtedness.

Note: Funding (\$1,737,000 in fiscal year 1999 and \$1,904,000 in fiscal year 2000) related to debt service for school facilities projects issued under the auspices of the State Property and Buildings Commission is included within the Finance and Administration Cabinet budget recommendation in the 1998-2000 biennium.

EDUCATION, ARTS AND HUMANITIES
Deaf and Hard of Hearing

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	477,300	963,000	993,500	539,800	503,200
Restricted Agency Funds					
Balance Forward	43,500				
Current Receipts	201,500	200,000	200,000	200,000	200,000
Total Restricted Agency Funds	245,000	200,000	200,000	200,000	200,000
TOTAL FUNDS	722,300	1,163,000	1,193,500	739,800	703,200
EXPENDITURES BY CLASS					
Personnel Costs	438,500	572,300	581,500	416,000	437,000
Operating Expenses	269,300	468,500	521,500	273,800	266,200
Grants, Loans or Benefits	5,000				
Capital Outlay	9,500	122,200	90,500	50,000	
TOTAL EXPENDITURES	722,300	1,163,000	1,193,500	739,800	703,200
EXPENDITURES BY UNIT					
Deaf and Hard of Hearing	722,300	1,163,000	1,193,500	741,500	706,000
EMPOWER Kentucky General Fund Savings				-1,700	-2,800
TOTAL EXPENDITURES	722,300	1,163,000	1,193,500	739,800	703,200

In accordance with KRS 163.500 - 163.525, the Commission serves in an advisory capacity to the Governor and the General Assembly concerning policies and programs to enhance the quality and coordination of services for deaf and hard of hearing individuals in both the public and private sectors. Additionally, the Commission oversees the provision of interpreter services to deaf and hard of hearing individuals. The Commission surveys, identifies, and tabulates public and private entities that provide services to deaf and hard of hearing residents of Kentucky for information, referral, and advocacy services. The Commission administers a TDD Distribution program which distributes specialized telecommunications equipment to qualified deaf, hard of hearing, and speech-impaired residents of Kentucky. The Commission cooperates with and assists local, state, and federal governments and public and private agencies in the development of programs for the deaf and hard of hearing. Finally, the Commission reviews legislative programs relating to services to deaf and hard of hearing persons and conducts studies of conditions affecting the health and welfare of the deaf and hard of hearing.

Policy

Included in the above appropriation is \$50,000 in fiscal year 1999 for capital outlay to improve Interpreter Referral Services.

EDUCATION, ARTS AND HUMANITIES
Kentucky Heritage Council

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	709,100	1,880,500	1,913,000	730,400	751,900
Restricted Agency Funds					
Balance Forward	39,500	37,500	37,500	37,500	37,500
Current Receipts	140,000	95,500	114,000	95,500	114,000
Total Restricted Agency Funds	179,500	133,000	151,500	133,000	151,500
Federal Funds					
Current Receipts	792,000	792,000	792,000	792,000	792,000
TOTAL FUNDS	1,680,600	2,805,500	2,856,500	1,655,400	1,695,400
EXPENDITURES BY CLASS					
Personnel Costs	915,000	1,080,000	1,133,000	924,000	973,500
Operating Expenses	254,600	530,000	553,500	235,900	251,900
Grants, Loans or Benefits	473,500	1,158,000	1,132,500	458,000	432,500
TOTAL EXPENDITURES	1,643,100	2,768,000	2,819,000	1,617,900	1,657,900
EXPENDITURES BY UNIT					
Kentucky Heritage Council	1,643,100	2,768,000	2,819,000	1,618,000	1,658,000
EMPOWER Kentucky General Fund Savings				-100	-100
TOTAL EXPENDITURES	1,643,100	2,768,000	2,819,000	1,617,900	1,657,900

The Kentucky Heritage Council provides a comprehensive state historic preservation program through its subprograms: General Preservation Services, Site Identification and Evaluation, Site Development, and Site Protection. The Council administers the National Historic Preservation Program in Kentucky, distributes federal funds, and provides technical assistance to local units of government, planning agencies, state and federal agencies, and local preservation agencies on all aspects of historic preservation. Major program activities include the Survey of Historic Sites in Kentucky, the National Register Program, the Kentucky Main Street Revitalization Program, implementing the Investment Tax Credit Program, and the Restoration Grants Program. The Kentucky Heritage Council is administered in accordance with KRS 171.380.

Policy

Included is \$40,000 in fiscal year 1999 and \$42,000 in fiscal year 2000 for the Council's Heritage Enrichment Programs (African American Heritage Commission, Native American Heritage Commission, and the Kentucky Archeological Survey).

EDUCATION, ARTS AND HUMANITIES
Kentucky Center for the Arts

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,135,400	625,500	625,500	625,500	625,500
EXPENDITURES BY CLASS					
Personnel Costs	34,500	34,500	34,500	34,500	34,500
Operating Expenses	590,900	591,000	591,000	591,000	591,000
Debt Service	2,510,000				
TOTAL EXPENDITURES	3,135,400	625,500	625,500	625,500	625,500
EXPENDITURES BY UNIT					
Facility Operations	625,400	625,500	625,500	625,500	625,500
Debt Service	2,510,000				
TOTAL EXPENDITURES	3,135,400	625,500	625,500	625,500	625,500

The Kentucky Center for the Arts, which opened in November, 1983 is the Commonwealth's performing arts center. Over 400,000 people attend events at the Kentucky Center each year. It is the performance home of five of the region's finest arts organizations: Kentucky Opera, Louisville Ballet, The Louisville Orchestra, Louisville Theatrical Association, and Stage One: The Louisville Children's Theatre. The Kentucky Center's own programming mission includes encouraging and supporting performing arts, presenting the finest in nationally and internationally renowned artists and presenting the works of Kentucky arts groups and artists.

The Kentucky Center houses three theatres: the 2,479-seat Robert S. Whitney Hall, 622-seat Moritz von Bomhard Theater, and the Boyd Martin Experimental Theatre, which can accommodate 90 to 139 patrons. The facility features a multi-tiered lobby, two rehearsal halls, a 150-seat restaurant and a retail shop specializing in arts-related items and Kentucky crafts. On display in and around the Kentucky Center is one of the nation's finest collections of large-scale 20th-century sculpture. All areas of the facility are accessible to those with physical disabilities, and special services for the hearing impaired and visually impaired are available during performances.

The facility's ongoing mission is to reach out to the entire state with educational programs and artistic events. Since its opening, the Kentucky Center has provided comprehensive statewide arts educational programs which touch students, teachers, parents, and administrators in 120 counties. The Kentucky Center's management also provides a wide range of consulting services throughout the state. Regional, national, and international attention has been drawn to the Commonwealth via "The Lonesome Pine Specials" concert series which is a co-production of the Kentucky Center, Kentucky Educational Television (KET), and the Kentucky Network. This series has reached 72 percent of United States television households via 180 public television stations. The concerts have also been heard on 123 public radio stations and have been seen in eight foreign countries. A wide variety of other cultural and educational programs are also seen on KET as part of the Kentucky Center's outreach efforts.

EDUCATION, ARTS AND HUMANITIES
Environmental Education Council

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		135,500	136,000	53,000	
Restricted Agency Funds					
Balance Forward	66,500	66,500	66,500	66,500	66,500
Current Receipts	110,500	112,000	112,000	112,000	112,000
Non-Revenue Receipts	150,000	150,000	150,000	150,000	150,000
Total Restricted Agency Funds	327,000	328,500	328,500	328,500	328,500
TOTAL FUNDS	327,000	464,000	464,500	381,500	328,500
EXPENDITURES BY CLASS					
Personnel Costs	92,000	201,000	200,500	95,500	99,000
Operating Expenses	54,500	63,000	74,000	102,000	50,500
Grants, Loans or Benefits	114,000	133,500	123,500	117,500	112,500
TOTAL EXPENDITURES	260,500	397,500	398,000	315,000	262,000

The role of the Environmental Education Council is to improve the environmental literacy of all Kentuckians. The Council performs this role by sponsoring programs and activities that increase or coordinate environmental education services in the Commonwealth. Those programs and activities include the following:

- Maintaining a clearinghouse of information on environmental education resources available through state and federal agencies and the private sector, and searching for ways to avoid duplication of those services.
- Providing training and leadership development in environmental education for K - 12 educators, including helping them to provide a balanced view of environmental issues, and assisting educators to infuse environmental education more broadly into the curriculum. The Council also provides grants to schools and educational organizations as funds allow.
- Providing opportunities for Kentucky's adult population to become more environmentally aware and to understand not only the problems that exist, but also how each person's actions contribute to the health of the environment.

Policy

The Governor's recommended budget provides funding in the amount of \$53,000 in fiscal year 1999 to facilitate production of the Council's Master Plan.

EDUCATION, ARTS AND HUMANITIES
Libraries and Archives

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	13,246,200	15,985,500	18,691,000	12,141,200	12,488,500
Restricted Agency Funds					
Balance Forward	694,000	682,000	672,000	682,000	481,500
Current Receipts	1,158,500	1,168,000	1,203,000	1,168,000	1,203,000
Total Restricted Agency Funds	<u>1,852,500</u>	<u>1,850,000</u>	<u>1,875,000</u>	<u>1,850,000</u>	<u>1,684,500</u>
Federal Funds					
Balance Forward	4,000	4,000	4,000	4,000	4,000
Current Receipts	2,515,500	2,018,500	2,040,000	2,018,500	2,040,000
Total Federal Funds	<u>2,519,500</u>	<u>2,022,500</u>	<u>2,044,000</u>	<u>2,022,500</u>	<u>2,044,000</u>
TOTAL FUNDS	<u>17,618,200</u>	<u>19,858,000</u>	<u>22,610,000</u>	<u>16,013,700</u>	<u>16,217,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	6,029,500	6,576,500	6,915,500	6,353,200	6,637,900
Operating Expenses	2,975,700	3,488,500	3,748,000	2,986,500	3,029,100
Grants, Loans or Benefits	6,250,000	8,721,500	10,903,000	5,909,000	6,081,000
Debt Service	1,388,000				
Capital Outlay	289,000	395,500	378,000	279,500	279,500
TOTAL EXPENDITURES	<u>16,932,200</u>	<u>19,182,000</u>	<u>21,944,500</u>	<u>15,528,200</u>	<u>16,027,500</u>
EXPENDITURES BY UNIT					
Administrative Services	3,922,400	2,832,500	2,923,500	2,612,500	2,698,000
Field Services	2,130,100	2,219,500	2,323,500	2,200,500	2,297,500
State Library Services	1,901,600	1,995,000	1,985,000	1,912,500	1,970,500
Public Records	2,383,400	2,639,000	2,752,000	2,620,000	2,726,000
Direct Local Aid	6,594,700	9,496,000	11,960,500	6,255,500	6,427,500
EMPOWER Kentucky General Fund Savings				-72,800	-92,000
TOTAL EXPENDITURES	<u>16,932,200</u>	<u>19,182,000</u>	<u>21,944,500</u>	<u>15,528,200</u>	<u>16,027,500</u>

The Department for Libraries and Archives serves Kentucky's need to know by assuring equitable access to high quality library information resources and services and by helping public agencies ensure that adequate documentation of government programs is created, efficiently maintained and made readily accessible.

The Kentucky Department for Libraries and Archives serves Kentucky's need to know by assuring equitable access to high quality library and information resources and services and by helping public agencies ensure that adequate documentation of government programs is created, efficiently maintained and made readily accessible.

The program is directed by six goals:

- Improve support of people in new organization to create a work environment which fosters productivity and innovation.
- Strengthen the systems and services required to meet the information needs of the people of Kentucky and government employees in our state.
- Improve the recognition of and support for library and archival services in the Commonwealth.
- Improve the management of government records.
- Ensure the creation of adequate documentation of government agency policies, procedures, and transactions in Kentucky.
- Strengthen the position of public libraries as vital resources in meeting the economic, educational, cultural, and recreational needs of all Kentuckians.

This agency is unique in state government as it serves both governmental agencies and the people of Kentucky directly through its local libraries. The agency also serves several distinct customer populations such as the general public, the blind and physically handicapped, institutionalized persons, state government personnel, state and local public agencies, and researchers needing historic public records.

The Kentucky Department of Libraries was created by the 1962 General Assembly. The Department was reorganized in 1973 to include the Division of Archives and Records from the Finance and Administration Cabinet and was renamed the Kentucky Department of Libraries and Archives. Administration of the Library for the Blind and Physically Handicapped was granted to the Department by executive order on June 30, 1975. In 1982, the General Assembly renamed this organization the Department for Libraries and Archives.

EDUCATION, ARTS AND HUMANITIES
Libraries and Archives
Administrative Services

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,368,900	2,267,000	2,348,000	2,047,000	2,122,500
Restricted Agency Funds					
Balance Forward	10,000	7,000	4,000	7,000	4,000
Current Receipts	4,000	4,000	4,000	4,000	4,000
Total Restricted Agency Funds	14,000	11,000	8,000	11,000	8,000
Federal Funds					
Balance Forward	500	500	500	500	500
Current Receipts	546,500	558,500	568,500	558,500	568,500
Total Federal Funds	547,000	559,000	569,000	559,000	569,000
TOTAL FUNDS	3,929,900	2,837,000	2,925,000	2,617,000	2,699,500
EXPENDITURES BY CLASS					
Personnel Costs	1,162,000	1,281,500	1,342,500	1,185,000	1,241,000
Operating Expenses	1,272,400	1,352,500	1,382,500	1,327,500	1,357,000
Grants, Loans or Benefits	2,000	2,000	2,000	2,000	2,000
Debt Service	1,388,000				
Capital Outlay	98,000	196,500	196,500	98,000	98,000
TOTAL EXPENDITURES	3,922,400	2,832,500	2,923,500	2,612,500	2,698,000

The Commissioner's Office sets overall policy and direction for the Department and provides communication advice and support to each division. The Office supports the activities of the state Advisory Council on Libraries, chairs the Archives and Records Commission, serves on the State Information Systems Commission, the Communications Advisory Committee, and the Oral History Commission.

The Administrative Services Division formulates and implements executive direction for policy, procedures, and planning for the Department in accordance with KRS 171.125-171.306 and 171.410-171.740. The Administrative Services Division provides administrative support to all programs of the Department and coordinates and oversees management and administrative functions for the entire agency. The Division includes the Director's Office, Fiscal Operations Office, Personnel and Payroll, Grants and Contracts, Information System Support and Facilities, Space Planning and Shipping. In addition, this division provides administrative support to the Office of the Secretary of the Cabinet and other agencies in the Education, Arts and Humanities Cabinet.

EDUCATION, ARTS AND HUMANITIES
Libraries and Archives
Field Services

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,817,600	1,905,500	2,004,000	1,886,500	1,978,500
Restricted Agency Funds					
Balance Forward	13,000	8,500	4,000	8,500	4,000
Current Receipts	3,500	3,500	3,500	3,500	3,500
Total Restricted Agency Funds	16,500	12,000	7,500	12,000	7,500
Federal Funds					
Balance Forward	1,000	1,000	1,000	1,000	1,000
Current Receipts	304,500	306,000	311,500	306,000	311,500
Total Federal Funds	305,500	307,000	312,500	307,000	312,500
TOTAL FUNDS	2,139,600	2,224,500	2,324,000	2,205,500	2,298,500
EXPENDITURES BY CLASS					
Personnel Costs	1,895,500	1,984,500	2,088,500	1,965,500	2,063,000
Operating Expenses	210,600	211,000	211,000	211,000	210,500
Grants, Loans or Benefits	15,500	15,500	15,500	15,500	15,500
Capital Outlay	8,500	8,500	8,500	8,500	8,500
TOTAL EXPENDITURES	2,130,100	2,219,500	2,323,500	2,200,500	2,297,500

The Division of Field Services provides support to public libraries to improve library service for the citizens of Kentucky. Support includes: direct grants, central service operations, and regional professional consultation. Mandated by law, the Kentucky Department for Libraries and Archives through the Field Services Division gives assistance and advice to public libraries per KRS 171.140; accepts and appropriates funds for providing, improving and equalizing public libraries and providing public library service to state institutions per KRS 171.140; provides books and other reading material to the blind and physically handicapped per KRS 171.145; and provides direct state aid to local public libraries per KRS 171.201.

The Public Library Development Office's professional and technical staff provide consultative and technical assistance to 120 counties concerning public library services and programs of the agency. The staff are located in 14 regional offices, housed in public libraries. This program also supports the central office administration.

The Program Development Office Branch manages the special consultant personnel who provide guidance in adult and children's services. This unit, supported with federal funds, plans and implements statewide programs in collection development; makes available special consulting services to older adults and adults in literacy programs; provides assistance in developing children's programs and selecting their books; awards and monitors cash book grants; and, administers the Certification of Librarians program.

The Kentucky Talking Book Library/Institutions Branch provides special library materials, which are produced in formats for the service clientele, and playback equipment, all of which are circulated to eligible users. Materials which are not produced nationally, but are of special interest to Kentucky Talking Book patrons, are recorded by volunteers and coordinated by central staff. This branch also provides library materials and professional consultation to state residential institution libraries.

EDUCATION, ARTS AND HUMANITIES
Libraries and Archives
State Library Services

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,327,100	1,432,000	1,418,000	1,349,500	1,403,500
Restricted Agency Funds					
Balance Forward	7,000				
Current Receipts	2,500	1,000	1,000	1,000	1,000
Total Restricted Agency Funds	9,500	1,000	1,000	1,000	1,000
Federal Funds					
Balance Forward	1,000	1,000	1,000	1,000	1,000
Current Receipts	565,000	562,000	566,000	562,000	566,000
Total Federal Funds	566,000	563,000	567,000	563,000	567,000
TOTAL FUNDS	1,902,600	1,996,000	1,986,000	1,913,500	1,971,500
EXPENDITURES BY CLASS					
Personnel Costs	1,153,500	1,187,500	1,244,000	1,171,500	1,229,500
Operating Expenses	738,600	790,000	741,000	741,000	741,000
Capital Outlay	9,500	17,500			
TOTAL EXPENDITURES	1,901,600	1,995,000	1,985,000	1,912,500	1,970,500

The State Library Services Division acts under the provisions of KRS 171.200 to equalize opportunities for library service and access to information and to promote and maintain cooperative arrangements for information and resource sharing among all types of libraries and information centers, including state agencies. Under KRS 171.170, it monitors federal and state grants awarded to libraries to promote cooperative arrangements.

State Library Support is the administrative unit of the Division, providing coordinated program planning and control.

Information Services provides information and research to support the needs of state agencies and backs up requests from public libraries and three information centers for information needed by the citizens of Kentucky but not attainable on the local level. Staff is responsible for the analysis of trends in the informational needs of clientele and for appropriate selection of materials to support these needs.

Through its Audio Visual Unit information services provides a central source for 16mm films and video cassettes for library programs and supplies materials for the educational and training needs of libraries and state agencies.

Technical Support supplies centralized cataloging, classification and processing of materials for small public libraries, as well as cataloging, processing and collection maintenance needed for the State Library's collections. Records are entered into a national database (OCLC) as well as being maintained for the Kentucky Union Database. This unit serves as a model for quality control throughout the state and supplies training and consulting services to librarians and to state agency personnel involved in the organization of agency collections of reference materials. This Branch also supports the maintenance of the Kentucky Union Database, an electronic card catalog, which is utilized for statewide resource sharing among all types of libraries.

Network Development supports and develops programs and services to enable all of Kentucky's libraries (public, academic, school, corporate, medical, etc.) to share information for the benefits of their users. Principal coordination and direction is provided through the Kentucky Library Network (KLN), administered by this Department.

Kentucky Library Information Center offices provide reference service and respond to all journal requests to public libraries throughout the state. They also supply document retrieval services for state agencies and small members of KLN.

EDUCATION, ARTS AND HUMANITIES
Libraries and Archives
Public Records

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,192,900	1,434,500	1,510,500	1,225,000	1,198,500
Restricted Agency Funds					
Balance Forward	658,500	660,000	660,000	660,000	469,500
Current Receipts	1,142,500	1,153,500	1,188,500	1,153,500	1,188,500
Total Restricted Agency Funds	<u>1,801,000</u>	<u>1,813,500</u>	<u>1,848,500</u>	<u>1,813,500</u>	<u>1,658,000</u>
Federal Funds					
Balance Forward	1,000	1,000	1,000	1,000	1,000
Current Receipts	49,500	51,000	53,000	51,000	53,000
Total Federal Funds	<u>50,500</u>	<u>52,000</u>	<u>54,000</u>	<u>52,000</u>	<u>54,000</u>
TOTAL FUNDS	<u>3,044,400</u>	<u>3,300,000</u>	<u>3,413,000</u>	<u>3,090,500</u>	<u>2,910,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,818,500	2,088,000	2,195,500	2,069,000	2,169,500
Operating Expenses	564,900	551,000	556,500	551,000	556,500
TOTAL EXPENDITURES	<u>2,383,400</u>	<u>2,639,000</u>	<u>2,752,000</u>	<u>2,620,000</u>	<u>2,726,000</u>

The Public Records Division, working in close cooperation with the State Archives and Records Commission, fulfills the Department's statutory mandate to manage and control public records in the state, in whatever medium. Its authority extends to all state and local government agencies. Under the terms of KRS 171.410-740, the Department's Public Records Division works with government agencies to ensure creation and preservation of adequate and proper documentation of the agency's organizational functions, policies, decisions, procedures, and essential transactions, as well as information which protects the legal and financial rights of the government and of individuals directly affected by an agency's activities.

As required by KRS 171.450, it establishes standards, procedures, and administrative regulations for recording, managing, preserving and reproducing government records, whatever their medium. Under the terms of KRS 171.680, it works with the head of state government agencies and their designated representatives to create and maintain active, continuing programs for the efficient management of their records. Division staff collaborate with agencies on the inventory, analysis, and scheduling for retention of their records and electronic records systems. When approved by the State Archives and Records Commission, these records schedules furnish public agencies with clear legal authority to make disposition of records they create and maintain. The Open Records Act explicitly recognizes the connection between policy goals for public records management and information systems planning under statute, and those of the Open Records Act.

Under the terms of KRS 171.500, the Department is the central repository for Kentucky public records. The Division operates the State Archives to house and make available for research permanently valuable state and local government records. To provide agencies with secure, economical storage for their non-current records, the Division also manages the State Records Center. While serving distinct needs, these two kinds of facilities are the state's statutorily mandated central records depositories. Division staff also provide state agencies with direct services in records management, archival management, management of electronic records, centralized micrographics and imaging applications, and document preservation. They serve as consultants to these agencies on a range of archival and records management issues.

The Public Records Division serves Kentucky citizens directly, as well as meets the needs of hundreds of government agencies at all levels of government. These services are provided through the following subprograms:

State Records Branch helps 132 state-level agencies and their subunits and more than 300 boards and commissions develop and maintain programs to manage government information from its creation, through maintenance and use, to final disposition, as required by KRS 171.680. It provides archival and records management assistance in support of those tasks, especially through records identification, description, appraisal, and scheduling. It participates in review of all biennial state agency Information Resources Plans (IRP), submitted to the Kentucky Information Resources Management Commission (KIRM). The Branch also manages the two leased facilities which comprise the State Records Center, the state's central repository for secure high volume storage of non-permanent records still needed by agencies, which makes possible significant annual savings to state government through cost avoidance.

Archival Services Branch provides records appraisal, arrangement, description and reference services; oversees archival control of state publications; oversees publication of the Guide to Kentucky Archival and Manuscript Collections; creates and publishes finding aids to provide access to the Department's archival holdings; and makes available on-line information about the Department's holdings and the holdings of nearly 300 Kentucky archival and manuscript repositories. It operates the State Archives, which contains more than 95,000 cubic feet of original records. These records are made available to the public and to government officials through the Archives Research Room. Branch staff annually answers more than 20,000 information requests from government officials, private citizens, attorneys, journalists, historians, genealogists, and other researchers.

Technology Analysis and Support Branch works with other Division Branches in providing advice and technical support to state and local agencies on archival and records management considerations in the application of information technology to their programs and operations. It inventories and schedules electronic records systems and coordinates Division review of all biennial state agency Information Resources Plans (IRP), submitted to KIRM. The Branch provides staff support to KIRM on information policy, imaging and technical standards issues, and ensures that KIRM members and staff are aware of archival and records management issues as they relate to information resources planning and management. It also manages the Department's Public Records Management System (PRMS), the database employed by the Division for the life-cycle tracking of record series. The Branch oversees the work of the Department's Document Preservation Laboratory, including professional consulting, education and training programs, records disaster recovery assistance, and laboratory conservation treatment.

Micrographics Branch provides centralized image management and micrographics services to state and local government agencies, in response to functions mandated by KRS 171.550, on a cost recovery basis. These services help improve and speed access to information, reduce the volume of paper based files, and ensure archival preservation and continued availability of information contained in fragile paper records. The Branch also monitors development in other imaging technologies and their application to public records management.

Local Records Branch helps more than 2,900 local government agencies develop and maintain record management programs to manage government information from its creation through its maintenance and use, to its final and proper disposition, as required by KRS 171.680. It provides archival and records management assistance in support of those tasks, especially through records identification, description, appraisal and scheduling, and through professional counseling and training. It also administers a grant-in-aid program to local governments.

Public Records Support provides policy development, coordination of program planning, and administrative direction of Division programs in public records administration and archival management. It coordinates support for the work of the State Archives and Records Commission and the State Historical Records Advisory Board.

EDUCATION, ARTS AND HUMANITIES
Libraries and Archives
Direct Local Aid

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,539,700	8,946,500	11,410,500	5,706,000	5,877,500
Restricted Agency Funds					
Balance Forward	5,500	6,500	4,000	6,500	4,000
Current Receipts	6,000	6,000	6,000	6,000	6,000
Total Restricted Agency Funds	11,500	12,500	10,000	12,500	10,000
Federal Funds					
Balance Forward	500	500	500	500	500
Current Receipts	1,050,000	541,000	541,000	541,000	541,000
Total Federal Funds	1,050,500	541,500	541,500	541,500	541,500
TOTAL FUNDS	6,601,700	9,500,500	11,962,000	6,260,000	6,429,000
EXPENDITURES BY CLASS					
Personnel Costs		35,000	45,000		
Operating Expenses	189,200	584,000	857,000	191,000	191,000
Grants, Loans or Benefits	6,232,500	8,704,000	10,885,500	5,891,500	6,063,500
Capital Outlay	173,000	173,000	173,000	173,000	173,000
TOTAL EXPENDITURES	6,594,700	9,496,000	11,960,500	6,255,500	6,427,500
EXPENDITURES BY UNIT					
Field Services	5,696,200	7,727,500	9,570,500	5,032,000	5,123,500
Public Records	680,000	680,000	680,000	680,000	680,000
State Library Services	218,500	1,088,500	1,710,000	543,500	624,000
TOTAL EXPENDITURES	6,594,700	9,496,000	11,960,500	6,255,500	6,427,500

Direct Local Aid is a program designed to identify those services that are directly provided to the citizens of the Commonwealth. The services are administered by three of the Libraries and Archives' current programs: Field Services Division, State Library Services Division, and the Public Records Division. The various direct services provided include direct cash grants, library books and other library materials, and bookmobiles.

There are several grant programs provided by the Department for Libraries and Archives. These include: Public Library Development, State-Aid, Public Library Books, Construction, Networking, and Local Records. Additionally, public libraries are provided with bookmobiles so that those persons not living close to a public library may have the opportunity to utilize library services.

The Public Library Development Office provides grants from federal funds for training, continuing education, demonstration projects and major urban resource libraries to eligible public libraries from federal funds.

The State Aid program provides cash grants to all counties for support of public library services.

The Bookmobile program provides bookmobiles to eligible county libraries based on the criteria of age, service, use, and condition.

The Program Development Office provides grants to public libraries in order to demonstrate library service to specific user or non-user groups. Examples include services to older adults, young adults, children, and adult new readers.

The Construction program matches grants to public libraries for major library building projects and repairs.

The Institutions program provides grants to public libraries for the administration of public library services in state correctional institutions.

The Library for the Blind and Physically Handicapped program provides grants to public libraries in support of library services for the blind and physically handicapped in localized areas of the state.

The Local Records program provides funds to assist local governments to preserve and restore public documents and to improve local government records management programs.

Policy

Included in the Governor's recommended budget is \$200,000 in each fiscal year to provide funds for bookmobiles/extension services.

EDUCATION, ARTS AND HUMANITIES
Teachers' Retirement System

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	66,195,500	96,007,100	103,738,600	74,800,000	77,800,000
Restricted Agency Funds					
Non-Revenue Receipts	3,813,800	4,401,700	4,733,100	4,401,700	4,733,100
TOTAL FUNDS	70,009,300	100,408,800	108,471,700	79,201,700	82,533,100
EXPENDITURES BY CLASS					
Personnel Costs	3,191,500	3,589,000	3,914,200	3,589,000	3,914,200
Operating Expenses	622,300	727,700	753,900	727,700	753,900
Grants, Loans or Benefits	66,195,500	96,007,100	103,738,600	74,800,000	77,800,000
Capital Outlay		85,000	65,000	85,000	65,000
TOTAL EXPENDITURES	70,009,300	100,408,800	108,471,700	79,201,700	82,533,100

The Teachers' Retirement System, as defined in KRS 161.220-161.716, was established in 1940 to provide a broad program of retirement benefits, death and survivor benefits, medical insurance benefits, and disability benefits to its membership.

Administration of the System is the responsibility of the nine-member Board of Trustees. Two of the members are ex-officio, serving by reason of their constitutional offices. They are the Commissioner of Education and the State Treasurer. The remaining seven trustees are elected by the members of the Retirement System for four-year terms. Four of these must be active members of the Retirement System, one must be a retired member, and two must be persons from outside the teaching profession. The Board of Trustees appoints an Executive Secretary who is responsible for the administration of the affairs of the Retirement System under policies established by the Board. The most important objectives of the Board of Trustees are to maintain a retirement system that is actuarially sound and to maintain member benefits at a level that is comparable with the benefits provided other state employees through the Kentucky Employees' Retirement System and the Social Security System.

Membership is comprised of all persons occupying positions in the public elementary or secondary schools for which certification is required. In addition, staff members of Western Kentucky University, Eastern Kentucky University, Morehead State University, Murray State University, Kentucky State University, professional staff of the Department of Education, Cabinet for Workforce Development, faculty members of the School for the Deaf, the School for the Blind, as well as faculty of the state and area vocational schools are members. Membership is mandatory for all persons teaching in the public schools or other institutions covered by the statutes governing teachers' retirement.

Benefits are financed through member contributions, corresponding contributions by the state and income accruing from the invested reserves of the system. The General Assembly has set the member and state contribution rate at 9.855 percent of gross salary. University faculty members contribute 8.375 percent of gross salary and the state matches this amount. In addition, each employer contributes an overmatch of 3.25 percent of gross salary to help reduce the system's unfunded liability. The reserves of the agency are invested in a manner that will provide a reasonable rate of return with major emphasis being placed upon the protection of the reserves.

The employer match for Department of Education, the Cabinet for Workforce Development, and university employees is budgeted within the Department, the Cabinet, and the affected universities and is then transferred to the Teachers' Retirement System.

Funding for the employer match on behalf of local school district members is provided as an adjunct to the Support Education Excellence in Kentucky program (SEEK) within the Department of Education.

Policy

The Governor's recommended budget includes General Funds in the amount of \$2,465,100 in fiscal year 1999 and \$5,111,300 in fiscal year 2000 - which will, combined with available system earnings, make possible cost-of-living increases for retired teachers of two percent each year of the 1998-2000 biennium.

The Governor's recommended budget includes sufficient funding to meet the amortized cost of previously-enacted cost-of-living adjustments and other benefit improvements for retired teachers.

The Governor's recommended budget, in the capital projects section, authorizes the expenditure of \$700,000 in agency funds to purchase an imaging system. The new system will permit the retirement system to convert member and retiree files to optical disk images and will provide a capacity for other administrative uses of this more effective records storage technology.